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FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,849 Friday August 13 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 35; DENMARK Kr 6.50; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,100; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 60; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

Clash looms on labour legislation

The Government and trade unions are bracing themselves for possible confrontation over labour legislation.

This follows the refusal of Lord Marsh, the chairman of the Newspaper Publishers' Association, to draw back from pressing contempt of court charges arising from the strike by Fleet Street electricians in support of health workers.

Mr Sean Geraghty secretary of the Fleet Street press branch of the Electrical and Plumbing Trades Union appears in the High Court today. Back Page

Keep-out order

Iraq announced a military exclusion zone at the head of the Gulf, after two commercial ships were sunk on Monday. Page 3

Argentine protest

Argentina's Foreign Minister, Juan Ramon Aguirre, said his government may protest over incidents when Argentine fishing boats were intercepted by British forces near the Falklands. Page 4

Spain arrests

Seven suspected Basque guerrillas were arrested by Spanish police in Tolosa, accused of bombings and robberies.

Terror find

Irish police are questioning a man after the discovery of a terrorist training camp in County Donegal. Guns, ammunition and para-military clothing were found.

Crash kills boxer

Salvador Sanchez, 23, the World Boxing Council featherweight champion was killed in a car crash near Mexico City.

Fonda dies

Henry Fonda, 77, star of more than 70 films died of heart failure in Los Angeles.

Protestors jailed

Five men who protested at last year's South African rugby tour of New Zealand have each been jailed for one year in Auckland, for rioting.

Race appeal

The Commission for Racial Equality is to appeal to the Lords over an Appeal Court ruling that Sikhs are not a racial group.

Nuclear move

Britain's Atomic Energy Authority asked a Dutch court to stop the Greenpeace organisation impeding a British ship which is dumping nuclear waste in the Atlantic Ocean.

Asbestos call

Villagers in Askern, South Yorkshire, are demanding the closure of a tip in the village where 35 tons of asbestos waste have been dumped.

Test score

Pakistan made a good start in the Second Test at Lord's, scoring 295-3, Mohsin 159 not out.

Left to meet

Far-left groups within the Labour Party are to hold a conference in September to protest at proposals to set up a register on non-affiliated groups within the movement. Page 6

Briefly . . .

Earthquake, measuring four on the Japanese scale of seven, shook Tokyo.

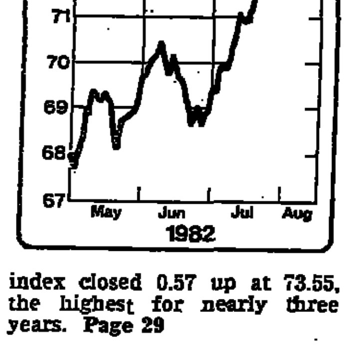
Small bomb exploded causing damage to a U.S. military housing area in Frankfurt.

Nato naval exercises involving the U.S., Britain, Greece, Italy and Turkey start in the Mediterranean on September 1.

BUSINESS

Gilts reach 3-year high

● GILTS gained on optimism about a further bank base rate cut. The Government Securities



index closed 0.57 up at 73.55, the highest for nearly three years. Page 29

● EQUITIES drifted on June's poor industrial production figures. The FT 30-share index fell 2.5 to 544.9. Page 29

● HANG SENG index lost 100.31 to 966.36, its lowest for two years, mainly on worries about Hong Kong's long-term future. Back; Page 28

● WALL STREET was up 2.76 at 779.97 at mid-session. Page 28

● DOLLAR eased in dull trading to Y263.25 (Y263.5), DM 2.5175 (DM 2.5275) and FFr 7.005 (FFr 7.0225). It was unchanged at SwFr 2.1575. Its trade-weighted index was 122.7 (122.6). Page 30

● STERLING was mixed, edging up to $1.699, a gain of 30 points, and SwFr 3.67 (SwFr 3.66), but slipping to DM 4.28 (DM 4.29) and FFr 11.9 (FFr 11.905). Its index was 90.9 (90.8). Page 30

● GOLD rose $3 to $335.5 an ounce in London. In New York, the Comex August close was $338 ($334.5). Page 22

● HONDURAS is seeking to reschedule $100m (£58.9m) foreign debt repayments falling due in the next 12 months. Page 4

● ICELAND'S central bank suspended foreign exchange trading and proposed an unspecified devaluation of the krona.

● AIR CANADA plans to cut its 20,000 staff by 10 per cent and further reduce flights, president Claude Taylor said. Dan-Air to buy BAe 146s, Page 7; Private air projects, Page 2; KLM lifts profits, Page 20

● TRADE UNIONS are being asked to contribute £1.25m to set up a joint bank with the Co-operative Bank. Back Page

● MOTOR components industry can expect a third round of redundancies within weeks, said stockbrokers Phillips and Drew. Page 7

● HOGG ROBINSON, insurance brokers, disclosed a "golden handshake" of £206,000 in its latest report and accounts.

● ACCOUNTING Standards Committee announced a new team that includes non-accountants for the first time. Back Page

● DEREK CROUCH (Contractors) won a £35m 12-year Coal Board contract to operate a new open cast site in Northumberland. Page 7

● MOBIL is buying exploration leases and a 50 per cent working interest in a Rocky Mountain oil field from Denver company Anschutz. Page 20

● SMITH BROS, stockjobbers, reported a pre-tax loss of £28,000 in the year to April 29 against profits of £1.9m. Back and Lex; Details, Page 16

● WOOLWORTH, U.S. retailer, reported a first-half net loss of $25m (£14.7m) compared with profits of $18m (after special gains). Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exch 12pc Cnv. '85	£101¼	+ ⅛
Funding 6pc 1993	£66¼	+ ⅛
BET Defd.	170	+ 5
Bakers H'sehold Strs	111	+ 5
Black & Edgington	42	+ 3
Bowthorpe	263	+ 10
Eagle Star	336	+ 6
Fisons	380	+ 5
Hawker Siddeley	332	+ 6
Lex Service	135	+ 5
Lonrho	89	+ 4
Pauls and Whites	253	+ 6
Saatchi & Saatchi	435	+ 20
Floyd Oil	80	+ 5
Randfontein Ests	£26¾	+ 1¼

FALLS		
BOC Int.	163	− 4
China Light	111	− 8
Common Brothers	155	− 10
General Accident	276	− 6
Hutchison Whampoa	115	− 11
ICI	276	− 4
Jardine Securities	101	− 16
Johnson Gp Cleaners	222	− 32
M. L. Holdings	265	− 5
Plessey	507	− 8
Quest Automation	20	− 3
Ratcliffs (GB)	58	− 5
TI	100	− 6

Lebanon suspends talks with U.S. after Israeli bombardment

LEBANON suspended talks with Mr Philip Habib, the U.S. special envoy, yesterday after some of the heaviest bombing and shelling Beirut has suffered since the Israeli siege began two months ago.

The bombardment prompted President Ronald Reagan to telephone Mr Menahem Begin, Israel's prime minister, urging him to call a ceasefire, writes our Washington and Middle East Staff.

After a 20-minute telephone call from an outraged and shocked President Reagan, Mr Begin ordered a complete ceasefire in Beirut at about 3.30 pm London time. He also promised the President that the Israeli air force would refrain from bombing Beirut again, even in the event of Palestinian attacks on Israeli positions.

The President was particularly outraged by Israel's massive military action because Mr Habib's peace efforts were at the point of success, Mr Larry Speakes, the White House spokesman, said.

President Reagan talked to Mr Begin immediately after receiving a telephone call from King Fahd of Saudi Arabia, Mr Speakes said.

The ceasefire was called after an Israeli Cabinet meeting at which Mr Ariel Sharon, the Defence Minister and main political rival to Mr Begin, was severely criticised for ordering the attacks on Beirut without government approval.

Mr Chafiq al-Wazzan, Lebanon's prime minister, called off the talks after only an hour's discussion with Mr Habib, who has been trying to arrange the withdrawal of Palestinian guerrillas from west Beirut.

"I cannot carry on in these talks while these thousands of tons of explosives are wreaking mass destruction in my city, my capital. I did not break up the talks, but I told him I cannot carry on and I hold him as well as the U.S. responsible for the consequences," Mr al-Wazzan said.

"The suspension is a serious setback after the progress announced earlier in the week over final arrangements for the Palestinian withdrawal.

Algeria yesterday joined the seven Arab countries (Syria, Iraq, Jordan, Sudan, Tunisia and North and South Yemen) which have announced their willingness to take in the PLO fighters.

The Israelis insist that the PLO has agreed to leave Beirut only because of military pressure and said yesterday's attacks, which did extensive damage to the western part of the capital and suburbs, were aimed at preventing the Palestinians changing their minds.

Another reason for the intensification of Israeli attacks is the clear intention in Jerusalem to make the PLO's departure, when it comes, as politically humiliating as possible.

Officials in Jerusalem seem optimistic that the PLO intends to evacuate Beirut. They are adamant, however, that the multi-national peace-keeping force, to be composed of between 1,500 and 2,000 men from the U.S., Italy and France, should not enter the city until the bulk of the guerrillas and some 2,000 Syrian troops trapped with them, have departed.

They also reject the suggestion that UN observers should enter the city.

Emphasising this point, Mr Begin told Parliament yesterday that the UN had an inbuilt anti-Israeli majority. The Israelis are also reluctant to see French troops in the multinational force on the grounds that the French Government is unsympathetic towards Israeli policy and action in Lebanon.

Above all, the Israelis want the international force to play a purely supervisory role in the evacuation of the PLO.

Industrial output falls to spring 1981 level

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S industrial output fell sharply in June, according to official figures which appeared to support some of the warnings of a gloomy economic outlook issued by the Confederation of British Industry last week.

The figures, published yesterday, show that the index of industrial production fell by 1½ per cent between May and June—to its 1975 base level of 100 last seen in June, 1981.

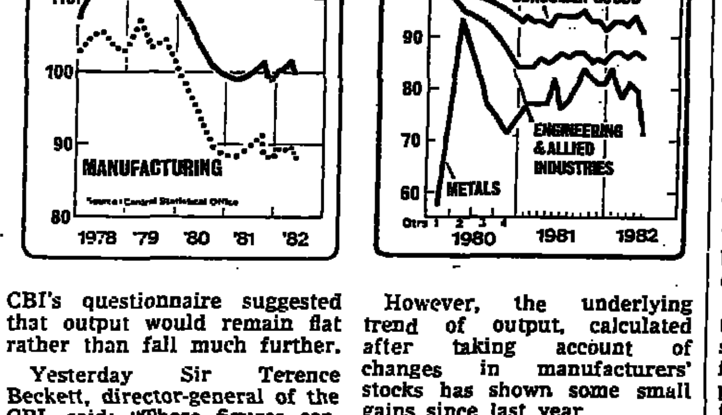
The index of manufacturing output fell between May and June by 1¾ per cent to a level scarcely above what it had been last spring, at the worst point in the present economic cycle.

The Central Statistical Office has also lowered its estimates for industrial output for every month this year. The estimate for output in May has been reduced by a full 1 per cent since the last figures issued in July.

Although these revisions partly reflect seasonal factors, there was little doubt in Whitehall yesterday that they represented a serious fall in industrial activity. They present the Government with the question of whether the trend has once again turned downwards.

The latest quarterly survey of industrial trends published by the CBI last week showed a marked fall of confidence among manufacturers and suggested that production had been falling recently.

One suggestion was that companies were adjusting output to a bleaker perception of economic prospects after a sluggish performance during the spring. However, replies to the CBI's questionnaire suggested that output would remain flat rather than fall much further.



Yesterday Sir Terence Beckett, director-general of the CBI, said: "These figures confirm the results of the CBI industrial trends surveys which have shown no evidence of economic recovery.

The June figures show the index of manufacturing production was 88.2 (1975 = 100) against 90.3 a year earlier. The latest figure is even lower than the 88.6 seen in May last year, previously seen as the lowest point for many years.

The index for all industries excluding oil at 89.6 in June, down 1.2 per cent from the May figure and only 2 per cent above what it had been in May 1981.

The figures also show that output in several industries, including metal manufacturing and textiles and clothing, fell in June to around their lowest levels in this cycle.

However, the underlying trend of output, calculated after taking account of changes in manufacturers' stocks has shown some small gains since last year.

Output of all industries for the first quarter of this year was 1.6 per cent higher than a year earlier and output for all industries, excluding oil, increased by 1 per cent during the period.

Mr Jack Straw, one of Labour's Treasury spokesmen commented yesterday: "We are still in the depths of the recession. We are heading for the rocks and the Government's complacency in the face of this catastrophe is quite unparallelled."

Government condemns Shore's economic plan, Page 6
A look at life on the dole, Page 7
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Banks sceptical after AEG aid request

BY KEVIN DONE IN ZURICH

AN EMERGENCY meeting of foreign banks caught up in the financial plight of AEG-Telefunken, the West German electrical group, ended in Zurich yesterday in a mood of uncertainty and scepticism at AEG's plea for them to support its salvage operation.

The banks, lenders to AEG's subsidiaries outside West Germany, have agreed to tell the company by next Wednesday whether they will help.

"The meeting was called to test the water," said one foreign banker, "but they did not get their feet very wet."

Many of those present, representing leading institutions, especially banks in the U.S., the UK, France and Italy, had not been surprised at the financial collapse of the parent company.

But their questions at the two-hour meeting, called at short notice after AEG was forced this week to seek the protection of the German courts from its creditors on the grounds of insolvency, reflected considerable doubts about the group's future. There was especial concern about the nature of the parent company's links with its foreign subsidiaries.

A major factor behind AEG's recourse to the courts was a new forecast for 1982 losses which put this year's operating deficit at DM 650m (£152m). One-off restructuring costs would have pushed losses to over DM 1bn, nearly double the group's nominal capital of DM 620m.

Losses have accelerated following the rapid deterioration of the group's household appliances business—washing-machines, cookers and fridges—during the summer, when demand is low.

AEG's foreign subsidiaries are not yet immediately affected by the company's inability to meet its financial obligations in West Germany, but they could easily be drawn into difficulties if international banks were to close down credit lines because of the parent company's insolvency.

Foreign banks have outstanding loans to AEG's foreign subsidiaries of DM 1.5bn, Herr Heinz Dürr, chief executive, said yesterday. The group had DM 35bn of bank debts in West Germany, he said.

Virtually all the domestic bank debt comes from a consortium of more than 20 West German banks which are now facing write-offs of around 60 per cent, or DM 1.8bn, on the DM 3bn of credits granted to the parent company.

In Zurich yesterday Herr Durr appealed to the foreign banks to maintain existing credits and credit lines to the company's foreign subsidiaries and not to enforce guarantees made by the parent company to support loans made to its subsidiaries.

Over half the DM 1.5bn of foreign bank debt was covered by the parent company's guarantees, he said.

AEG is offering to give local collateral to the international banks on the basis of its foreign subsidiaries' assets in the effort to keep credit lines open.

In a short statement issued after yesterday's meeting, AEG said that on the basis of the company's considerable foreign-based assets it had asked foreign banks to maintain present credits and support the company "with constructive co-operation in the current difficult phase."

AEG will not start individual discussions with institutions abroad. It intends to work out plans country-by-country over the next few weeks for the future financing of its foreign subsidiaries.

Last week's decision by GEC of the UK to pull out of negotiations to help rescue AEG's

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Warning on AEG loans, Page 21

Perkins soups up diesel interests

By Ian Rodger

PERKINS ENGINES of the UK, one of the world's leading diesel engine makers, is attempting to break into the growing market for diesels in cars, and light vans through a series of joint development ventures with car manufacturers.

Perkins—a subsidiary of the financially troubled Canadian farm equipment group Massey-Ferguson—yesterday confirmed a $222m (£131m) venture with Chrysler of the U.S. to convert Chrysler's petrol engine factory at Windsor, Ontario, to light, high-speed diesel engine production by late 1984.

Mr Jim Felker, managing director of Perkins, recalled that an initial joint venture was set up with BL in the UK last year aimed at developing a diesel engine from the 3.5 litre petrol engine made by Land-Rover.

"We also hope to announce another collaboration deal within the next six months," he said.

The company sees this as a less expensive and risky way of getting into the car market than by expanding its production capacity and attempting to build sales independently.

Perkins supplies almost no diesel engines for cars at the moment.

The venture with Chrysler, the third-largest U.S. car maker, took two years to negotiate. Chrysler is contributing assets, cash and prior research worth $163m, for which it gets 97 per cent of the equity.

Perkins provides prior research and development valued at $4m and receives 3 per cent of the equity with an option to increase its stake to 25 per cent by 1986. It also retains worldwide marketing rights for the new engines on behalf of the joint venture, including sales to all North American car manu-

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Tough penalties to combat tax evasion proposed by MPs

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

TOUGHER PENALTIES and more inspectors to curb tax evasion, estimated to be costing about £4bn annually—about half last year's public sector borrowing requirement — are proposed by an all-party committee of MPs.

The Public Accounts Committee, in a report out yesterday, criticised efforts by the Treasury to limit, as part of the Government's campaign to reduce the number of civil servants, increases in the number of special investigators who root out tax and social security fiddles.

Each investigator at the Inland Revenue is reckoned to yield on average £92,000 — a total of £173m last year — in penalties or revenue.

The report says extra investigation staff at the Revenue brought in taxes which amounted to at least four times their salaries.

"Checks made by the department suggest that there is a continuing effect in increasing tax yields in succeeding years. And there are also the deterrent effects. The employment of these staff therefore produces very good value for money."

The committee says random checks on taxpayers—prohibited under present rules—could make the drive against tax evasion more effective.

However, the committee, says, "we have not considered the full implications of removing this limitation from the Inland Revenue."

Special investigations can only be mounted where there is a prima facie case that tax may have been evaded or underpaid.

About 11,660 civil servants are employed by the Revenue, the Customs and Excise and the Department of Health for detecting tax and social security frauds. Last year they netted £518m.

The committee says there is also a case for staff for detecting abuse of the social security rules and of underpayment of VAT. However, it adds: "It will be important to take account of the sensitive nature of the problems involved."

The MPs reject the view that provision of staff for productive investigation work should be denied on the grounds that it would increase civil service numbers.

The interests of taxpayers, they say, are equally served by the increase of revenue as by savings in expenditure. Departments should not, therefore, make artificial distinctions between the two when considering the staff costs involved in reducing tax avoidance.

Ray Dafter, Energy Editor, writes: The committee also urges the Government to consider scrapping the North Sea oil tax structure and replacing it with a simpler, profit-based structure.

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£ in New York

—	Aug. 11	Previous
Spot	$1.6970-6985	$1.7000-7015
1 month	0.04-0.07 pm	0.05-0.08 pm
3 months	0.52-0.55 pm	0.54-0.57 pm
12 months	3.80-3.90 pm	3.80-3.95 pm

CONTENTS

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EUROPEAN NEWS

David Marsh, in Paris, assesses the monumental task facing M Pierre Beregovoy, the new Minister of Social Affairs

Growing deficit stretches fabric of French social security system

M PIERRE BEREGOVOY, President Francois Mitterrand's "Mr Fix-it" who was promoted to head the sprawling Ministry of Social Affairs in June, the shop floor 40 years ago as a 16-year-old worker in a Normandy clothing factory. He will need all the skill of a weaver—and the tenacity acquired during decades of trade union bargaining—to accomplish the task the President has given him: stitching together the ragged patchwork of France's social security system.

French social security is coming apart at the seams for a number of reasons. Some of them—a relentless rise in unemployment and health costs, an ageing population and a sluggish industrial base—are common to other eWstern countries facing the same problem of financing growing welfare deficits.

But the French Socialists made the imbalance worse by greatly increasing state handouts in their first year of office. The aim was partly to promote social justice and partly to boost consumption thereby creating the economic growth that would help pay the bill.

The growth has not arrived. Instead, the deficits in the country's rambling social security schemes have grown alarmingly. As part of the switch to economic belt-tightening instituted after the franc's devaluation in June, M Bérégovoy has been brought in to mop up the red ink.

One of his fundamental problems, ironically enough, results directly from the Government's own efforts to fight inflation.

By trying to cut wage rises—in particular, to sever their automatic link or "indexation" with prices—the Government thereby cuts the receipts of the social security apparatus, which depend crucially on a percentage levied on salaries. Therefore, to make the whole anti-inflation strategy stick, the Socialists have no choice but to reduce index-linking of social benefits as well—a decision which will hardly boost the Government's popularity ratings.

Negotiations with trade unions and employers on trimming the deficits for the rest of the year and most importantly, 1983 start in earnest next month after the summer holidays.

Their importance extends beyond the primary need for a thoroughgoing reform of the social security system, built up in the high-growth years after the war and unsuited for a new age of austerity. They will also be crucial in determining the readiness of both sides of industry to co-operate with the *Government in the tricky* transition phase after the four-month wage and price freeze expires in October. Additionally, the meetings will provide a key to the success or failure of the Government's plan for a lowering of the retirement age to 60 from 65 next year.

The initiative tries to go to the heart of thorny demographic problem which is adding to unemployment levels. As the chart shows in terms of the male population, the labour force is currently being swollen by large numbers of young people coming on to the jobs market, as a result of the 1960s baby boom. Their total greatly outweighs the relatively small number of people now approaching retirement age (the generation born during the low birth-rate years of World War I).

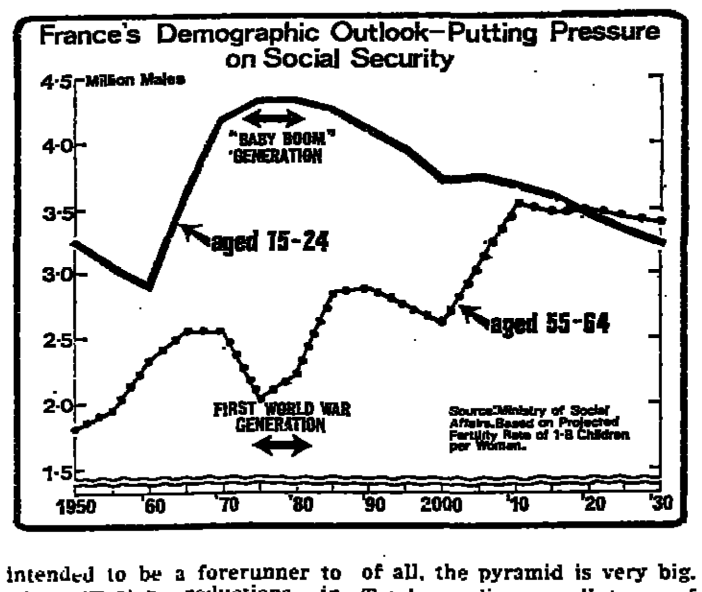
The early retirement plan aims to bring the flow entering and leaving the workforce more into balance. But, as with the rest of social security, there are considerable doubts over its financing.

Already M. Bérégovoy—one of President Mitterrand's closest confidants who, before his new appointment, was Secretary General at the Elysée Palace—has shown a distinct change of style compared with his predecessor.

Mme Nicole Questiaux, the Minister responsible for social security before she was dropped in the cabinet reshuffle at the end of June, prided herself on a healthy indifference to the tiresome arithmetic of plugging deficits. In a remark of almost Marie Antoinette-*like insouciance, she once* voiced disdain at the idea of being a "Minister of the Accounts."

By contrast, M Bérégovoy, who has taken over an enlarged portfolio, including both social security and the separate unemployment insurance scheme (Unedic), talks persuasively of the need for economies.

He already has proof that he is entering a political minefield. A preliminary programme of FFr 10bn (£847m) of cuts in social security for this year,



intended to be a forerunner to even greater reductions in 1983, was announced at the end of last month—to howls of protest from family associations and unions.

Similarly, this month's decision to postpone plans for making abortion repayable on the social security system has stirred up controversy with women's organisations and left wingers.

M Bérégovoy himself has termed France's system of social protection "incoherent" and compared it to "a pyramid to which each government has added new pieces."

For a number of peculiarly French reasons, reshaping the edifice will not be easy. First of all, the pyramid is very big. Total spending on all types of welfare (mainly pensions, unemployment pay, family allowances and health), including the cost of administering the system, will come to around FFr 870bn this year, rising to FFr 950bn in 1983.

Social security and tax payments together in France amount to around 43 per cent of gross national product. This is the highest proportion of any of the seven largest industrial countries, and a figure which President Mitterrand has decreed should not be exceeded.

Second, the system is not suited for smooth, centralised decision-making. Almost everyone has a say in how it is run. The social security network and the unemployment insurance scheme, which are both administered in conjunction with the trade unions and employers, do not form part of the state budget. This actually amounts to a smaller figure—"only" FFr 790bn this year, rising to around FFr 900bn in 1983.

Finally—a bonus for the under-privileged, but a headache for budget-cutters—the system is relatively generous. The Government has published its own research showing that unemployment benefits—which grant workers who lose their jobs an initial sum of up to as much as 90 per cent of their previous salaries—are better than in Britain, West Germany or even Sweden.

The present arrangement to allow some categories of workers to retire early, which is paid by Unedic, is also relatively favourable for employees. The general system intended to replace it next April seems likely to involve a lower rate of pensions, which has already led to protests from workers now nearing 60 who feel they will be missing the boat.

French social planners for years have toyed with the idea of integrating social security with the state budget. M Bérégovoy has said that France "cannot continue" to separate the two. The problem will be, however, in persuading the trade unions to give up control.

Employers' contributions, rather than levies on workers, make up the lion's share of financing for the basic social security system, which faces a FFr 30bn deficit next year. (There are around 500 complementary schemes as well, organised by individual enterprises, particularly for pensions.) But the Government has already promised employers a freeze on their social security contributions up until next June to help keep down industrial costs.

Unedic, which is running up an overdraft of around FFr 2bn a month with its chief banks, Crédit Lyonnais and Crédit du Nord, is financed to the tune of about 30 or 40 per cent by the state, with the rest divided up 60 : 40 between employers and employees.

The Government intends to bring in an extraordinary levy on civil servants (who are protected from redundancy and therefore do not contribute to the system) and professionals to help plug the overall Unedic financing gap of FFr 37bn between now and the end of next year.

Other measures can be expected to rein in the soaring price of health care, particularly in hospitals, and perhaps to adjust the formula linking pensions to the inflation rate two years previously—a windfall for pensioners when inflation is on the decline. But, however much M Bérégovoy talks about cutting costs through "economies," he will almost certainly not be able to escape raising contributions further to balance the books—underlining how drastically the plush has faded from the social security cushion.

Early rebuff for Spadolini

BY RUPERT CORNWELL IN ROME

ITALY'S GOVERNMENT crisis deepened yesterday, as the Socialists explicitly rejected a scheme by Sig Giovanni Spadolini, the Prime Minister-designate, to resurrect the former five-party coalition toppled last weekend after a parliamentary defeat.

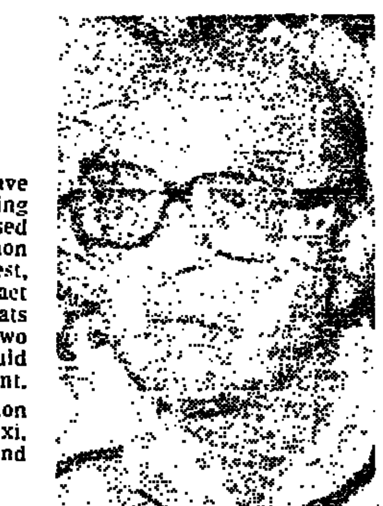
The Socialist refusal to rejoin such a coalition along the lines initially proposed by the Prime Minister was spelt out by Sig Bettino Craxi, the party's leader, after a meeting with Sig Spadolin.

This development ensures *that the crisis will drag on for* some while yet, and increases the likelihood that all attempts to resolve it will fail. This will open the way for a general election this autumn.

The remaining hopes for securing a compromise are linked to two considerations. The first is that the five parties will be able to make sufficient progress on institutional reform, strengthening the executive and tightening its control of Parliament, to satisfy the demands of the Socialists.

The other is that the isola*tion of the Socialist position* could make Sig Craxi have second thoughts about pushing for an election which is opposed by everyone else. This common front, some analysts suggest, might lead to a tacit pact between Christian Democrats and Communists, the two largest parties, which would make the Socialists irrelevant.

The uncompromising position adopted so far by Sig Craxi, however, offers small ground for optimism.



Sig Craxi . . . refused to *resurrect coalition*

Bid to stop Mafia killings fails in Sicily

BY RUPERT CORNWELL IN ROME

AN especially ferocious bout of Mafia killings in and around Palermo is presenting a severe challenge to Gen Carlo Alberto Dalla Chiesa, the Carabinieri anti-terrorist commander who was installed only last May as Prefect of the Sicilian regional capital.

Since the start of this month, 15 people have died in the so-called "triangle of death," embracing the city and the *Conca d'Oro* on its outskirts, the once beautiful valley of citrus groves now disfigured by building speculation.

The latest of the victims, killed outside the city's main hospital on Wednesday morning, was Dr Paolo Giaccone, a forensic professor responsible for bringing a number of Mafia killers to justice in recent years. He was the 92nd victim of Mafia warfare since the beginning of 1982.

The carnage has taken place despite the exceptional security measures ordered by Gen Dalla Chiesa. Road blocks have been placed around the city, and 2,500 police and Carabinieri have been drafted into the area.

Before his arrival in Palermo, Gen Dalla Chiesa had been deputy commanding general of the paramilitary Carabinieri, and widely held to have been responsible for the significant advances against terrorism achieved by the Italian state over the past two years.

He was despatched to Palermo by the Government three months ago—immediately after the killing in the city of Sig Pio Della Torre, head of the regional Communist Party and a PCI Deputy in Rome—to take charge general warned that the Mafia

Yesterday, Sig Virginio Rognoni, the Interior Minister, summoned Gen Dalla Chiesa to Rome for a meeting of security officials to examine further means of bringing the situation under better control.

In a recent interview, the general warne dthatth e Mafia had spread out of its tradional strongholds in western Sicily all over the island. In Catania, in the East, Mafia-related murders this year total 63. In the background is the struggle for control of the lucrative drugs trade passing through the island. Profits from this are recycled into property development and other apparently respectable activities.

STATE VERSUS INDEPENDENTS

Irish government battles over domestic oil supply

BY BRENDAN KEENAN IN DUBLIN

THE IRISH motorist—and, possibly, the Irish taxpayer—looks like being the eventual loser in a battle between the Government and the oil companies.

A sweeping edict designed to protect Ireland's flow of oil supplies will, from next month, compel all companies operating in the Republic to buy 35 per cent of their requirements from the state oil company, INPC (Irish National Petroleum Corporation).

It represents an enormous increase in the state's role in the Irish economy. The issue may yet finish up before the European court, or the Irish courts, as the oil companies resist what they see as a damaging restriction on their commercial freedom.

INPC was formed in 1979 in response to that year's oil crisis. The idea was to create an alternative to the major oil companies through direct deals and market operations between Ireland and other countries. It was hoped that INPC might capture up to 40 per cent of the Irish market.

The multi-nationals fought back and indicated that they would not buy from INPC, whatever the price. They also announced their intention of closing down the sole Irish refinery at Whitegat

In the meantime, the state company had run into difficulties of its own. Its oil, which currently comes from a contract with Saudi Arabia, is now more expensive than oil bought on the open market.

The Irish Government faced the prospect of losing the country's only refinery and of INPC making heavy losses — or even its closure. Its response was to take over the refinery and force the companies to buy INPC oil from Whitegate.

Unfortunately, the refinery is old-fashioned and does not produce as much of the higher-grade fuels as modern plants. As a result, Whitegate's products will be more expensive than those refined abroad. Behind a barrage of figures, both sides seem agreed that this cost will be around I£16m

> Industry's leaders and farmers are already pressing for the private motorist to bear the cost of Ireland's only domestic refinery, rather than the productive sector.

(£12.86m)—less than 2p a gallon across the range of products. However, industry's leaders and farmers are already pressing for the private motorist to bear the cost, rather than the productive sector.

INPC estimates this would mean about 10p a gallon on petrol at the pumps. The oil companies claim that, if industry continues to get fuel oil at the current price of $175 (£100) per tonne, it would mean 15p a gallon extra for motorists.

Most Irish motorists are not yet aware that they are a bargaining counter in this argument and may not like it when they find out. Even these prices, however, take no account of any difference in INPC prices for crude oil and those of the market. With the Saudi contract coming up for renewal, Mr Geoffrey Green, INPC's chief executive, admits: "We have to get the crude state right."

INPC's argument, and that of the Department of Energy, is that Ireland needs the security of direct crude oil supplies and refining capacity on its territory. They point out that, from a historical viewpoint, the current state of the oil market is exceptional and may not last.

Officials claim there would be grave dangers for Ireland if it had to depend on outside refineries. They accept, however, that they may have to spend $17m on upgrading the refinery to achieve a better mix of product.

The major opposition to the Government's scheme has come from the independent Irish oil companies, which now have over 20 per cent of the market. Currently, the companies are doing well with petrol, available at $324 a tonne, retailed in Ireland at over $450 a tonne. The independents' main complaint is that the extra costs of distribution from Cork, and the reduction in their purchasing power, will put them back at the mercy of bigger companies.

One chink in the impasse emerged last week with a veiled suggestion that the Government might re-examine the companies' arguments about the costs of the Whitegate scheme. That could mean some form of Exchequer subsidy to the oil companies, to make up part of the difference. It would be an ironic twist if a scheme which began as a way of reducing the oil companies' power finished by paying them taxpayers' money.

Fewer take foreign holidays

By John Wicks in Zurich

FEWER PEOPLE took a foreign holiday last year, according to a report by the tourism committee of the Organisation for Economic Co-operation and Development. The 25 member countries recorded a 2 per cent drop in the number of foreign tourists, compared with an increase of about the same figure the year before.

Quoting from the report, which is to be published next month, the Swiss Tourism Federation says the decline is blamed on the recession.

The volume of international tourism is expected to remain stable this year. Although economic conditions in the OECD are likely to improve slightly in the second half, tourism will not benefit until 1983, it is claimed.

The most marked decrease in overnight stays in 1981 was that of 12.6 per cent in Italy. The figure was 5.8 per cent drop in Britain and 1.1 per cent in Norway.

Portugal, however, showed a 1.2 per cent improvement, Austria one of 2.6 per cent and Sweden 5.1 per cent. The highest growth rates were 7.3 per cent for Yugoslavia, 8.5 per cent for Denmark and 8.8 per cent for Switzerland.

Among countries basing their figures on border crossings, only West Germany reported a decline of some 2.6 per cent. France was 1.1 per cent up, Spain 5.5 per cent, Greece 6.2 per cent and rose 2.6 per cent, Canada 0.3 per cent and Japan 20.2 per cent.

Despite the overall fall in volume, earnings improved by 3.9 per cent in real terms in the OECD area to $68.63bn.

W. German current account in balance

By Stewart Fleming in Frankfurt

THE WEST GERMAN current account closed in the first half of the year virtually in balance following the heavy deficits reported in the past three years.

In its monthly report for August, however, the Bundesbank points out that the rapid growth of the surplus in foreign trade during the past year has begun to peter out. "Export deliveries could not quite maintain in the second quarter the level they reached in the first quarter," it says.

The overall balance of payments in the first half of the year has also been marked by a deterioration in the long-term capital account, partly as a ments abroad by the West German private sector.

Whereas the private sector invested net only DM 3bn (£700m) abroad in the first half of last year, some DM 16bn (£3.7bn) flowed out in the same period this year. The central bank estimates that about half the outflow was for portfolio investment, the bulk of which (perhaps as much as DM 6.5bn) went into high interest foreign *debt issues, mainly* U.S. dollar securities.

In spite of weakening export growth, most private economists expect the overall recovery in the current account to continue for the year as a whole. They foresee a surplus of DM 5bn-DM 10bn at the end of the year.

The Bundesbank makes no forecasts for the current acount but points out that, between the first half of 1981 and the first half of this year, the trade surplus has risen four-fold from DM 6bn to DM 24bn.

West German exports rose 15 per cent by value and 8 per cent in volume in the period. Exports of cars rose 30 per cent, iron and steel 25 per cent and electrical equipment 17 per cent in value terms. Helped by a shift in the terms of trade in West Germany's favour for the first time in three years, imports rose over the same period by 5 per cent in value and 2.5 per cent in volume.

The central bank, however, points to the payments problems of certain Opec countries, the weak economic conditions in a number of important industrial trade partners, financial problems in East bloc countries and the recent strengthening of the D-mark, particularly within the European monetary system. As a result, it does not anticipate such continued strong export growth in the rest of this year.

Imports of finished products have also begun to rise significantly in the first half of the year (6 per cent in value), which the bank attributes in part to restocking, but also to partner countries' efforts to increase their exports.

Swiss jobless rate edges upward

Swiss unemployment increased again slightly last month to reach 10,819, its highest July level since 1976. This represents an 0.4 per cent jobless rate, compared with only 0.1 per cent in the same month last year. Although the total number of unemployed is below that recorded last January, the number of jobs vacant has fallen by almost a half

M Jean-Pierre Bonny, the *Directors of the Federal Bureau* for Industry, Trades and Labour, said no rapid improvement is likely in the labour market.

Fresh crackdown on Solidarity

WARSAW — Poland's hardline army newspaper yesterday called for firmness in dealing with opponents, and the state media announced a fresh crackdown on the suspended Solidarity union.

The moves came on the eve of the ninth month of martial law.

Local newspapers in the western Polish port of Szczecin reported a demonstration on Tuesday against the state after a funeral for the son and daughter-in-law of Mr Marian Jurczyk, the city's Solidarity chief.

The demonstration, by about 1,000 people, was the first in the Baltic seaport since anti-martial law riots there and in a dozen other cities last May.

The call for tough action, made in the army paper Zolnierz Wolnosci, coupled with an announcement that the authorities had smashed two offices of Solidarity, appeared to set the scene for the weekend.

Union officials said Roman Catholic Mass will be said today in Gdansk, birthplace of Solidarity two years ago, for Mr Lech Walesa, the union leader who, like hundreds of others, has been interned since martial law was imposed last December 13.

Tomorrow is the second anniversary of the start of the Gdansk strikes that launched Solidarity, while Monday has been set by union leaders as the day for renewed protests aimed at reviving the independent union.

The protests, announced by the underground leaders, are expected to culminate with demonstrations on August 31, anniversary of the agreement launching Solidarity, the only independent union in the Soviet bloc.

The Communist Party's ruling politburo warned on Monday of "extreme and destructive forces desire to exploit existing difficulties and the second anniversary of the events of August 1980 . . . to sow unrest and create growing threats to the existence of the nation and state."

Zolnierz Wolnosci, the voice of the army's political board, added to the call saying "we should be unequivocal, tough and determined while talking to enemies of Socialism and People's Poland."

Police in Gdansk said they uncovered two "illegal" union headquarters on Wednesday and Thursday which were printing and distributing leaflets "containing false information aiming at causing unrest."

AP

Poles expected to suffer sharp fall in meat supply

BY LESLIE COLITT IN WARSAW

POLAND is expected to suffer a sharp decline in meat supplies later this year because the U.S. Government has halted loans for Polish purchases of fodder. A prolonged spell of hot weather and drought have added to the country's problems as the potato crop, the main source of animal feed, is looking poor.

The authorities fear that food shortages could lead to serious unrest.

Earlier this year, Polish farmers were unable to obtain protein mal from the U.S., and many decided to sell their breeding stock for slaughter. With pigs providing 75 per cent of the country's meat, farmers are now short of sows.

Nor is there much hope of relief from the state farms, the main source of cattle production. They have been put on a profit and loss basis and have turned to grain production as a result.

Since March, 3m farming families with some 12m people, have been removed from the ration lists and left to provide for themselves. This has lightened the burden on meat supplies but does not make up for the projected fall in supplies because of the previous heavy slaughtering.

Agricultural attaches at the U.S. embassy here said the supply of meat is expected to be at least as bad this winter as last. In some respects it will be worse as the lack of U.S. maize has virtually killed off the Polish broiler chicken industry. Polish meat consumption plunged from 74 kg a year per person in 1979 to an estimated 45-50 kg last year.

Poland, however, should have an excellent grain harvest, which is expected to reach 21m tons, 10 per cent more than last year. Some 27m tons of grain are needed for human consumption. France, Canada, and the Soviet Union are expected to supply a total of 3m tons, leaving a shortfall of another 3m

Although Poland has been flooded with apples and other fruit, the Government said it would have to reimpose price ceilings on fruit sold at private peasant markets. Prices had been intended to float freely as part of the economic reform but the authorities said farmers were destroying part of their crop in order to drive up prices.

Rising unemployment rate causes concern in Austria

BY OUR VIENNA CORRESPONDENT

AUSTRIA'S unemployment rate has risen steeply to 2.4 per cent, compared to 1.2 per cent a year ago. Though still one of the lowest in the world, the rising rate has caused increasing concern.

The building industry has been hit particularly hard. The number of unemployed in the sector reached 66,000 in July, up by 73 per cent on a year ago. The deterioration was particularly marked as usual among foreign workers.

The latest economic surveys indicate that hopes for an economic upturn in the middle of this year have not been realised.

● The Austrian schilling has appreciated by 3.1 per cent a year between 1970 and 1981, according to a survey published by the Institute for Economic Research. The annual revaluation after deducting domestic inflation was 1.1 per cent.

Companies queue for Spanish textiles aid

By Robert Graham in Madrid

SPAIN'S TEXTILE industry has responded quickly to a government sponsored plan offering substantial financial incentives to modernise and raise productivity.

Since the plan was approved last October, the Government has received 301 requests from companies to take part —more than expected.

There are 7,200 companies in the industry, employing 420,000 workers. Total annual turnover is Pta 720bn (£3.73bn). It is responsible for 10 per cent of industrial employment and 9 per cent of total industrial production.

However, the industry has been put at increasing risk by ageing machinery, high labour and raw material costs coupled with inadequate marketing and threats from producers in developing countries.

As a result, a significant number of the companies have moved into the red and the Ministry of Industry reckoned last year that, if urgent measures were not taken, 100,000 jobs would be lost by 1986.

The plan is based on four broad lines:

- A 20 per cent subsidy for investments in modernisation, access to official cheap credit and tax write-offs.
- Access to cheap official credit and guarantees from ICO, the official credit institute, to restructure finances.
- Subsidies of up to 30 per cent to encourage technological innovation and better design in fashion goods.
- Special aids of up to 45 per cent of the cost to cover premature retirements.

This year, it was expected that some 250 companies would apply to join the scheme. But, already, 88 applications have been approved of the 301 received. The applications affect 72,000 workers and envisage investments of Pta 99bn (£512m).

If all are accepted, government subsidies of Pta 31bn will be provided, alongside a further Pta 35bn in official credit.

Private air project takes off

By Our Madrid Correspondent

COMMERCIAL FLIGHTS have begun to a privately developed airport, at Seu d'Urgell on the border between Catalonia and Andorra, after more than a year of complex wrangling.

The flights will speed up business travel between Barcelona and Andorra and will provide new access to the Pyrennean slopes for skiers in winter.

The airport has been built by a group of Catalan businessmen, and financed entirely privately, in part by Banesto, Spain's leading bank. The aim is to open up for tourist development the area of Seu d'Urgell which has been constricted by narrow approach roads through high mountain passes.

The area has considerable potential for ski-resort expansion and has the added attraction of being on the doorstep of tax-free and duty-free Andorra which has some 8m visitors a year, mostly from the Spanish side.

At present, Andorra can only be reached by car. The nearest airports are Barcelona, and Toulouse in France — both requiring four-hour journeys on twisting roads.

The airport has been made by levelling a hillside in the valley of Seu d'Urgell. Work was completed more than a year ago but it has remained unused by commercial traffic until now. This was because of a series of political and bureaucratic objections.

The Spanish Government is responsible for all airports handling commercial flights. Since this was a private promotion, however, the government of Catalonia claimed it was within its jurisdiction.

Meanwhile, Iberia and Aviaco, the two state-controlled airlines, sought guarantees for using the airport. The Madrid Government refused and the Andorran administration, the Consell General de les Valls, stepped in to offer one. However, since Andorra is ruled jointly by France and Spain —its sovereignty resting with the Bishop of Seu d'Urgell and the President of France —this guarantee was considered insufficient.

It has since been decided that the airport comes under Spanish state control, and Aviaco eventually agreed to operate three flights a day in both directions from Barcelona. The flights began this week using a Fokker carrying 49 passengers.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Iraq declares Gulf military exclusion zone

BY TERRY POVEY

IRAQ HAS announced a military exclusion zone at the head of the Gulf following the sinking of two commercial ships on Monday.

The ships, one Greek-owned and the other South Korean, went down with the loss of at least one life close to the entrance to the Khor Moussa channel that serves the Iranian port of Bandar Khomeini.

According to the Iraqi news agency, the ships were at first believed to be "large naval targets" by the country's armed forces and attacked. Describing the sinkings as accidental the agency said that the exclusion zone was designed to prevent a repetition of the incident by making it easier to distinguish between friendly and enemy ships.

The two ships involved, the 15,000-tonne Greek freighter Litsion Bride and the South Korean 16,000-tonne Sambow Banner had their crews, totalling 58, rescued by an Iranian warship after the attack.

Eight crewmen are still missing from the Sambow Banner.

Since early in the Gulf war, which has now gone on for almost two years, Iraq has insisted that it considered all shipping entering the northern Gulf area to be doing so at their own risk.

The exclusion zone cuts more or less down the centre of the upper Gulf, running to within 40 miles of Kharg Island. In the past, Iraqi attacks on both ports and shipping destined for Iran have been sporadic.

An increase in raids persuaded the war risks committee of Lloyd's of London sharply to increase insurance premiums at the start of this month, up to 1 per cent from ½ per cent previously.

It is still too early to tell whether the imposition of the exclusion zone will mean an intensification of attacks on both freighters and tankers heading to Iran.

● Iran's former Foreign Minister, Mr Saddeq Ghotbzadeh, who was arrested in April, is to come before a revolutionary court tomorrow accused of complicity in a plot to overthrow the fundamentalist régime and to kill its leader, Ayatollah Khomeini.

David Dodwell in Brunei assesses the future of a Sultanate preserved from outside influences

Oil-rich Brunei nervous as sun of British empire sets

TO ARRIVE in Bandar Seri Bagawan as the sun sets over Kampong Ayer—the "water village," which stands on stilts midstream the wide Brunei river—is to come face to face with a community barely changed in four centuries.

Outboard motors which power weaving water taxis between the Kampong and the shores are one of the few concessions to the 1980s. Behind the milling water taxi wharf shimmers a reflection of the reddening sun in the gilt dome of the capital's main mosque, a symbol of the two of the three strongest influences on Brunei's 220,000 people: Islam, and the Sultan.

The third influence—oil—is apparent only in wealth it brings to the country. One must travel for one and a half hours to Serei, west along the country's only trunk road, to see Brunei Shell bringing that wealth onshore.

But this weekend as Bandar Seri Begawan comes alight with huge placards attached to every building and spanning every main road to celebrate the 36th birthday of Sultan Sir Muda Hassanal Bolkiah Muzzaddin Waddaullah, imminent change is bearing down on the country. In less than 17 months, Brunei must emerge from the protective umbrella provided by Britain for almost a century, and assume full independence.

The Sultan has managed domestic and economic affairs independently for a decade, but foreign policy and defence still rest with the British Government. Impetus for change has come almost exclusively from Britain: independence is being pressed on the state, despite several visits to London by the Sultan and his father, who abdicated in 1967, to persuade Whitehall to change its mind.

The decision to end the Protectorate on December 31, 1983, was made by Mr James Callaghan's Labour Government, which saw Britain's role as increasingly anachronistic, and did not savour criticism the arrangement attracted in forums like the United Nations. The present Conservative Government, however, is certainly not considering a reversal of the Labour decision.

Since 1888, the extended arm of British protection has served Brunei well. British military protection kept predators at bay during the turbulent early 1960s, when the Vietnam war was raging just 500 miles away, and when President Sukarno in Indonesia was taking "confrontation" to his regional neighbours. It also helped in putting down an internal rebellion in 1962, an event which still looms large in the memories of the state's leaders. Most important, British protection allowed the Sultan to preserve intact his conservative and introverted rule.

Brunei's Sultan, Sir Muda Hassanal Bolkiah Muzzaddin Waddaullah, playing polo—his favourite pastime

But by now the Sultan's fears of full independence are probably more psychological than real. South-East Asia is no longer the turbulent region it was 20 years ago. Heavy domestic spending on defence (over 30 per cent of the budget) has allowed the build-up of an impressive military and police machine comprising the Royal Brunei Malay Regiment, the Sultan's personal 1,000-strong Gurkha security force, and a British Gurkha regiment "on loan" from Hong Kong. The British Gurkha regiment is likely to stay on beyond the end of 1983, though detailed negotiations have yet to start.

The psychological problem is one of a state having to present itself to the outside world for the first time. The Sultan, who maintains the reputation of a playboy in some quarters, must transform himself into an international statesman. A diplomatic service has to be built up from scratch. Entry into the Association of South-East Asian Nations (Asean) must also be worked out.

The preservation of this autocratic and anachronistic state would have been impossible without oil and gas. Since discovery of oil onshore at Seria in 1929, Brunei has been able to buy its insularity. More recent discoveries in the S.W. Ampa field and the Champion field, guarantee supplies close to the end of the century.

Oil and gas account for 98.9 per cent of export earnings, which last year amounted to around B$9bn (£2.56bn). With imports costing just B$1.3bn, the visible trade surplus was about B$6.7bn. Government reserves stand at more than B$25bn, covering 20 years' worth of imports.

Oil wealth has allowed the creation of a welfare state unparallelled in Asia: petrol and basic foodstuffs are heavily subsidised, free education and medical care is provided and interest-free loans are often arranged for house and car purchases.

Threats do exist to the status quo. Careful use of largesse has quelled open criticism of the free-spending life-style of the Sultan and his relatives, but some have looked askance, for example, at the new palace being built on the banks of the Brunei river at a cost of at least B$500m. This is part of a construction boom taking the country into 1984, which involves a new hospital, a sports stadium, a foreign affairs building, and expansion of the airport.

Oil wealth has stunted the growth of any manufacturing industry, which is all very well—until the oil runs out. The offer of attractive perks to government employees has led to the creation of a burgeoning bureaucracy and an impoverished private sector.

Perhaps the biggest worry as independence approaches is the fate of Brunei's 60,000 ethnic Chinese. Apart from making up almost a quarter of the population, the Chinese monopolise the small and medium-sized business sector. Often a target of resentment among the Moslem majority, they nevertheless perform a critical role in the domestic economy. Whether the Chinese will be allowed citizenship in newly independent Brunei is far from certain.

As the Sultan celebrates his birthday, and as his people bask in his reflected glory, there will be few thoughts about the implications of independence. But with the imminent arrival of a host of foreign diplomatic missions, it is unlikely that the country's sense of timeless ease and introversion will survive unscathed as it opens its doors on the world.

Mubarak reiterates need for comprehensive solution

BY OUR CAIRO CORRESPONDENT

EGYPT INSISTS that its acceptance of any Palestine Liberation Organisation guerrillas evacuated from Beirut must be linked to a comprehensive settlement of the Middle East problem, President Hosni Mubarak has reiterated.

He was speaking in Khartoum on his way home to Cairo after a visit to Oman and Sudan, two of the three Arab countries which still have relations with Egypt.

The trip allowed him to get Egypt's views across to delegates going to the planned Arab summit in Fez, Morocco.

He will also have had the opportunity to hear what the other Arab states think of his diplomacy over the Beirut crisis.

The departure of the PLO from Beirut may save Beirut, he said, but would not save the PLO or the Palestinian cause. He was anxious to avoid scattering the PLO too widely.

Now that seven Arab countries have agreed to take PLO guerrillas without conditions, Egypt may avoid having to take any potentially politically troublesome evacuees.

Lebanon's flag airline is still in business

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MIDDLE EAST Airlines, the flag airline of the Lebanon which has survived more crises than any other, is still in business, despite the closure of Beirut airport by the Israeli invasion.

MEA, which has been conducting charter and leasing operations in recent weeks, has now agreed arrangements with the Cyprus Government to fly scheduled services to and from Larnaca Airport in Cyprus.

These will comprise a once-weekly service Larnaca-Geneva-Nice and return.

In addition, there will be a once-weekly Damascus-Larnaca-Kano-Lagos-Abidjan, and the airlines is also running a twice-weekly service between Jeddah, Khartoum and Aden.

The Larnaca services will connect with sea ferry services linking Cyprus with the port of Journieh, north of Beirut. MEA will book its passengers into Cyprus hotels, and arrange the ferry reservations.

The airline has set up an emergency headquarters in Paris, where operations, engineering, marketing and public relations departments are all functioning. Charter and leasing activities for other airlines are being undertaken in Europe, the Far East and South America.

The airline's head office in Beirut, however, is still open, having been transferred to branch sales offices in safer parts of the city, thus ensuring that communications with the outside world are maintained.

The airline says that it is ready to resume flights to Beirut and across the network, once the fighting in Beirut is over and the airport is open, even on a makeshift basis.

S. Africa to streamline industrial disputes law

BY BERNARD SIMON IN JOHANNESBURG

LEGISLATION aimed at streamlining the handling of industrial disputes in South Africa is to be introduced in Parliament next year, Mr Fanie Botha, Minister of Manpower, said yesterday.

Full details of a draft amendment to the Labour Relations Act will be published later this week.

The proposals appear to stem directly from a spate of illegal strikes by black workers in which existing conciliation machinery has been ineffective.

Twenty-five such work stoppages were reported last month alone. According to the National Manpower Commission, here were 342 strikes last year involving 93,000 workers. All were illegal.

Mr Botha said the new legislation will give unregistered black trade unions access to official negotiating machinery, provided they represent more than half the number of workers in an industry and comply with various other conditions.

The amendments also aim to speed the conciliation process. At present, it takes at least a month, and usually much longer, before legal conciliation procedures are exhausted and workers may call a legal strike.

In terms of the proposed amendments, the Minister of Manpower will be able to set up a conciliation board at any time if he considers it to be in the national interest.

Australia's jobless rate highest since 1930s

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BELIEF THAT next week's Federal Australian budget will adopt an expansionary tack was boosted yesterday with news that the number of unemployed last month stood at 448,900, or 6.6 per cent of the workforce. Seasonally adjusted, the unemployment rate was 6.9 per cent.

This is the highest rate of unemployment seen in Australia since the 1930s, and provoked strong criticism by the Labor Party opposition.

Mr Bob Hawke, Labor's spokesman on employment, said policies of Mr Malcolm Fraser's Liberal-National Party coalition Government must be held "largely responsible" for the present unemployment trends.

The July unemployment figure of 6.6 per cent represented an increase of 74,000, or 20 per cent, over July 1981, and confirmed the worsening trend so far this year.

In its budget next Tuesday, the Government is widely expected to relax its tight fiscal policies, cut taxes, and outline other measures designed to reflate the economy.

AMERICAN NEWS

Senate demands curbs on Cuban 'expansionism'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. SENATE has rattled a heavy sabre at Havana, with a call for the use of all means necessary, including arms, to contain Cuban expansionism in Latin America.

After some second thoughts, senators added a rider to the effect that they did not mean to be providing the President with authority to send troops to the region under the 1973 War Powers Act.

But opponents were yesterday still comparing the resolution to the Gulf of Tonkin resolution used by President Lyndon Johnson to justify expanding U.S. involvement in Vietnam in the mid-1960s.

Before the 68 to 28 vote, Senator Jesse Helms, the right-wing Republican from North Carolina, said that Mr George Shultz, the State Secretary, had assured him of administration support for the resolution. "It's time America started acting like America," he added.

Some moderate Republicans, however, were uneasy about the vote, which will further complicate efforts to agree on a new $8.9bn (£5bn) *supplementary* appropriations bill for fiscal 1982 in a House-Senate conference committee. The Cuba resolution was tacked on to the Bill as an amendment and is not contained in the House version.

Nor does the House version contain the allocation of $355m for President Ronald Reagan's Caribbean basin initiative, included by the Senate earlier this week.

The White House yesterday, however, indicated that Mr Reagan may in any case veto the Bill—not on the grounds of the Cuba amendment, but because it allocates over $1bn more than he would like to domestic programmes.

The Senate votes on Cuba came as the House of Representatives Appropriations Committee refused to approve funds *for the Pentagon to enlarge airfields* at Ras Banas in Egypt and Lajes in the Azores as part of the Reagan Administration's strategy to defend the Gulf oilfields in an emergency.

The Pentagon wants to make the airfields capable of accommodating large aircraft such as B52 bombers and giant transports. But the committee said that the U.S. had not received adequate assurances from Egypt that Ras Banas would be available even after spending $1bn on improving its facilities.

Eli Lilly plans inquiry into arthritis drug

By Our New York Staff

ELI LILLY, the U.S. pharmaceutical company that recently pulled its benoxaprofen (Oraflex) arthritis drug off the market *after it was linked to fatalities* in the UK, has convening a panel of experts next month to look into the evidence.

The Indianapolis-based company said yesterday that the panel would consist of British and U.S. scientists and would examine data "in a scientific environment" to determine what should be done next.

The company is also planning extensive clinical tests of Oraflex (marketed as Opren in the UK) to examine both its short-term and long-term effects.

The company maintains that its drug is an effective treatment for arthritis and that the link to fatalities has not been proved. But earlier this month, the UK Department of Health imposed a 90-day ban on its sale in Britain, after the UK Committee on Safety of Medicines reported adverse side-effects in more than 3,500 patients and 61 deaths.

The U.S. Food and Drug administration has also been examining the drug and on August 4, Eli Lilly halted its sale worldwide.

Honduras seeks $100m of debt rescheduling

BY ALAN FRIEDMAN

THE GOVERNMENT of Honduras, hard pressed for cash, is seeking to reschedule $100m of foreign debt repayments which fall due within the next 12 months.

Sr Arturo Corleto, the Honduras finance minister, said last night he had met with representatives of the International Monetary Fund (IMF) and foreign banks. "Of our total foreign debt of $1.5bn we are trying to reschedule $50m this year and $50m next year," said Sr Corleto.

Sr Corleto said the Government had fallen behind on some of its repayments of principal, but added: "We are complying with our interest obligations to international banks in the U.S. and London."

He said Honduras hoped to reach agreement with the IMF shortly in order to draw $150m of funds to "get some support" over the next year. Honduras' total foreig nexchange reserves now stand at $50m, according to the finance minister.

Sr Corleto stressed that the Government's debt problems were "small" and voiced his confidence that if the $100m of princpal repayments could be rescheduled the Honduras would be able to meet its international obligations in future.

Bankers from the UK and the U.S. have recently visited Tegucigalpa to discuss the Honduras debt problems.

Tim Coone in Managua, Nicaragua, adds: 25,000 troops have been mobilised in Honduras following Wednesday's announcement that all army leave has been cancelled "until further notice."

Meanwhile, Admiral Harry Train, commander of the U.S. Atlantic fleet, arrived on an official visit to Honduras and yesterday met President Suazo Cordoba and General Gustavo Alvarez, head of the armed forces. Admiral Train is to visit several ports in the country including Puerto Lempira in the isolated eastern region of the country which has been the focus of a series of joint Honduras-U.S. military manoeuvres in recent weeks.

A new series of joint Honduras-U.S. manoeuvres are scheduled to begin shortly, *involving units of the U.S. Air* Force and the Honduran army. These are described as "rescue and security" operations.

Argentina condemns Britain over trawlers

By Jimmy Burns in Buenos Aires

THE ARGENTINES moved swiftly yesterday to make a major diplomatic issue out of the incidents in which British warships intercepted Argentine fishing vessels near the Falkland islands over the past week.

—Snr Juan Ramon Aguirre Lanari, Argentine Foreign Minister, called on the international community to take into account what he described as an "arrogant use of force" aimed at preserving a possession "which does not belong to Britain." He added that the incident underlined Britain's negative attitude towards a negotiated settlement on the future of the islands.

Snr Lanari was speaking before leaving on a week-long tour of Latin America, aimed at securing international support *for Argentina's claims over the* islands during a forthcoming United Nations General Assembly debate scheduled for next month.

Snr Lanari will visit Venezuela, Santa Domingo and Brazil. In Santa Domingo he could have a meeting with the U.S. Secretary of State George Shultz during the ceremonies marking the swearing-in of President Salvador Blanco.

Meanwhile, a Soviet diplomatic mission led by Vladimir *Petrovski, a foreign Ministry* official, arrived in Buenos Aires yesterday. Local Government spokesmen said the mission intended to discuss items to be included on the agenda of the UN when it returns from summer recess.

Andrew Whitley writes: The British Government yesterday firmly denied suggestions that it has been engaged in negotiations with Brazil for base facilities to refuel and supply military aircraft making the long haul from Ascension Island to the Falklands.

However, three flights of Hercules transport aircraft carrying stores for the Falklands garrison have landed at an unnamed Brazilian airport since Monday. No more are planned for the moment, but the option is being kept open.

Port Stanley airport on the Falklands is to close temporarily in the near future for repairs and lengthening of the runway.

Brazil has not commented yet on the refuelling stops by the Royal Air Force planes.

Jimmy Burns returns from visiting Argentina's poor north west

Tourist boom in forgotten Tilcara

THE MECHANICAL strains of the Swedish singing group Abba crackled through the loudspeakers as tourists from Buenos Aires ransacked the crafts market in Tilcara, a village in the north west of Argentina, in search of their latest investment against inflation.

Just two years ago the same tourists bought up dollars with their overvalued currency and went on a spending spree all the way from Miami to Madrid. Now the *portenos*—as the people from the capital are called—have watched the peso take a nosedive and are being forced to discover parts of their country they had forgotten existed. "Money, money, money, lots of money, it's a rich man's world," chanted the Swedes.

Local Easter pilgrims climb the Humahuacha Gorge in the Andes near Tilcara—a region rediscovered by the "portenos" from sophisticated Buenos Aires.

The irony of their song was lost on the inhabitants of Tilcara, gathered to one side of the village hall for a frugal Saturday night's entertainment. The audience was a motley collection of consumptive children in secondhand rags. The screen a pair of used sheets held up with clothes pegs.

Tilcara (population 2,000) is typical of the villages scattered around the north west, one of the poorest regions of Argentina. Its inhabitants are mainly descendants of the Indian tribes conquered by the Spanish during the 16th and 17th centuries. By tradition, they are small farmers and craftsmen. Today the small fields which surround the squat clay huts in which most of them live are filled with local crops like potatoes and corn, some of which is bartered among neighbours.

The tourist boom has stimulated the potters and weavers and local anthropologists have tried their best to keep alive other cultural traditions—such as the use of wind instruments and herbal medicines, and the speaking of the Andean quechua alongside Spanish.

Today, however, the self sufficiency of Tilcara, as of the bulk of the small towns of the north west, is largely illusory. The demands of the national economy have cut across tradition.

The industrialisation promoted by the autocratic Gen Juan Peron following World War II provoked a major migration southwards to the new factories around the capital. Some of the weaknesses of the scheme are only too apparent today in the shanty suburbs of Buenos Aires. Recent recessions have reduced the flow of migrants, however.

Over the last 100 years the north-west has developed as the country's major sugar producer. The plantations draw on low-paid seasonal labour and, for whole periods during the year, many villages like Tilcara are emptied of their young men.

Statistically the region's contribution to the national economy is in one respect impressive: the north-west represents 97 per cent of the country's total sugar production. In addition to serving the *domestic market, the sugar* sector is benefited by the international sugar agreement. In the past this has stabilised the country's export quotas, in particular through a regular access to the U.S. market.

Argentina currently exports 400,000 tonnes of sugar a year. The country's traditional foreign exchange problems and the tendency of world sugar prices to fluctuate have, however, created serious social problems in the region. Unrest among seasonal sugar labourers provided one of the main stimulants for the organisation of Guevarist-type guerrilla organisations before they were ruthlessly crushed by the Argentine military after the 1976 coup.

Today some of the scenes of former pitched battles have neat model houses and paved roads—built by the military for the peasants—instead of dust tracks. But these permanent souvenirs of the campaign to win over the peasants' hearts and minds, that accompanied the military's extreme brutality, understate the continuing problems. In spite of recent efforts aimed at exploiting local mineral resources and diversifying agricultural production with increased planting of tobacco and citrus fruits, the north west remains strikingly underdeveloped.

The region covers 16.8 per cent of Argentina's land mass, and contains 10.4 per cent of its population. Yet only 4.6 per cent of Argentina's productive units are to be found in the north west, generating only 4.9 per cent of industrial jobs. By contrast Buenos Aires and *its surrounding region*, while covering only 1 per cent of Argentina's land mass has 37 per cent of the country's total population, 45 per cent of productive units, and 54 per cent of industrial jobs.

Argentina's 130-year-old constitution defines the country as a federalist state, but the north west shows it to be one of the most blatantly centralised in South America.

The imbalances between the capital—the centre of military, political, administrative, economic, agricultural, commercial, and financial power—and the regions was a source of political acrimony long before the emergence of the guerrillas. In the last century the Federalists, who want greater autonomy for the regions, and Unitarios, who back the greater concentration of power in Buenos Aires, fought a civil war.

Current political tension is focused on other more immediate, matters such as the aftermath of the Falklands war. However, it is significant that the regional problem is the subject of a book currently topping the best sellers' charts. Written by Sr Felix Luna, one of Argentina's leading historians, it recommends decentralisation as an important contribution to solving Argentina's seemingly interminable political and economic crises.

Sr Luna is confident of generating a national debate as the politicians prepare for democratic elections. For the time being, people in the north west remain sceptical.

The nature of local poverty comes as a shock to the first-time visitor accustomed to living in central Buenos Aires. The Argentine capital is the most culturally and socially developed in South America and, indeed, is a great deal more prosperous than numerous European cities.

Yet a two-hour plane journey *will plunge the visitor into the* archetypal Third World. In the north west, infant mortality and illiteracy are nearly three times the level recorded in some of the richer central provinces and little different from the conditions existing in some of the poorer Andean countries of Latin America.

"Buenos Aires still doesn't really think about us," says Tilcara's local Catholic bishop Sr Jose Maria Marquez, before blaming the underdevelopment of the region on a selfish accumulation of resources by the capital city. In Buenos Aires one will often hear *Portenos* boast that they have the largest number of the best doctors in the world.

But Sr Marquez recently had to organise a voluntary health service to serve some of the outlying regions of his parish. "It's a major challenge. I have only 17 people covering over 40,000 square kilometres," says *Marquez*.

The Falklands, however, is one experience that the region has shared with the rest of the country.

The night I stayed in Tilcara the locals expressed their own view about the "national enterprise" dictated by the Generals in Buenos Aires. As the Abba song drew to an end, the white sheets opened to reveal a comedian. He was dressed in a jacket and hat filled with bullet holes. "I'm terribly sorry," he whispered to his audience, "but I've just come back from the Malvinas."

WORLD TRADE NEWS

U.S. STEEL DUTY DEADLINES

Further series of decisions will be made shortly

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE U.S. Department of Commerce over the next few weeks will make a further series of preliminary and final decisions about the imposition of duties on foreign steel supplies to the U.S. market.

The duties fall into two types:

- Countervailing, where the aim is to counteract subsidies allegedly paid by foreign governments to their steel companies;
- Anti-dumping, to counteract charges that the foreign steel is sold in the U.S. under its production cost, under the *price available in other* markets, or under the price in the producing country.

The Commerce Department acts in response to petitions filed by U.S. steel companies, complaining about unfair trading practices by the foreign suppliers.

These petitions set off lengthy investigative procedures, both within the Commerce Department and within the International Trade Commission, to examine their justification.

The investigations lead first to a preliminary decision on whether duties are to be imposed. Thus the Department of Commerce announced countervailing duties ranging to 40 per cent on some EEC steel producers on June 10 and will make a final determination on August 24.

Again, last Tuesday, it made a preliminary decision on the imposition of anti-dumping duties on EEC producers, with a final determination due on October 25, although this might be extended until December 23.

In the wake of the Commerce Department's decisions come findings from the International Trade Commission, whose task is to establish whether injury has been suffered by the U.S. industry.

Assuming that the Commerce Department makes a preliminary determination to impose duty, the ITC has to report its final injury findings 280 days after the petition is filed in the case of anti-dumping duties and 205 days after in the case of countervailing duties.

This puts the duties finally in place and they become payable retrospectively, from the date of the Commerce Department's preliminary findings.

COUNTERVAILING DUTIES

Commerce Dept preliminary decision due	Country	Product
August 23	Spain	Structurals, plate, hot and cold rolled carbon bars, cold rolled sheet, galvanised sheet, stainless steel wire rod, cold formed stainless steel bar, hot rolled stainless steel bar.
September 7	South Africa	Steel wire rope
September 9	Brazil	Hot rolled stainless steel bar, cold formed stainless steel bar.
October 4	South Korea	Small diameter pipe, carbon steel plate, hot rolled sheet, galvanised sheet.
October 4	France	Large diameter welded pipe.
October 4	West Germany	Hot and cold stainless sheet and strip, large diameter welded pipe.
October 4	Brazil	Smal diameter welded pipe.
Commerce Dept final decision due		
September 1	South Korea	Steel wire rails
September 21	Belgium	Carbon steel wire rod
September 21	France	Carbon steel wire rod
September 21	Argentina	Carbon steel wire rod
September 21	Brazil	Carbon steel wire rod
September 21	South Africa	Carbon steel wire rod
October 15	France	Pre-stressed wire strand
October 15	Brazil	Pre-stressed wire strand

ANTI-DUMPING DUTIES

Commerce Dept preliminary decision due	Country	Product
August 18	Japan	Pipe and tube
September 30	UK	Prestressed concrete wire strand
October 4	West Germany	Stainless steel and strip
October 18	France	Stianless steel, sheet and strip
Commerce Dept final decision due		
September 9	Canada	Sheet tiling
October 1	Venezuela	Steel wire rod

Source: U.S. Commerce Department

Hercules complaint to be investigated

WILMINGTON — Hercules said the U.S. International Trade Commission has determined that the company's anti-dumping complaint against nitrocellulose Imported from France merits further investigation.

Hercules said the ITC has acknowledged that there is a "reasonable possibility of material injury to Hercules from nitrocellulose produced by French Government - owned company Societe Nationale des Poudres et Explosifs.

Hercules said it has experienced lost sales, pressure on prices, underemployment and reduced production as a result of the alleged dumping.

Nitrocellulose is used mainly in the production of paints, finishes, printing inks and coatings.

Hercules said in a statement: "We are obviously pleased that the preliminary determination by the Commission supports our contention that exports from France have injured our nitrocellulose business."

Reuter

Japan and Canada in car imports agreement

By Richard C. Hanson in Tokyo

JAPAN and Canada have reached an agreement on settling a dispute over Japanese car imports, including a new forecast for shipments for the rest of this year and the start next month of government-level motor industry co-operation talks.

Canada has, meanwhile, stopped disrupting Japanese car imports.

The Ministry of International Trade and Industry has set a forecast for shipments of *passenger cars for April-December* of 120,000 units, or about 20,000 less than exports in the comparable period in 1981.

By the end of the year, the two sides will discuss export levels for the first quarter of 1983.

When discussions began earlier this year, Canada demanded that shipments for the full 12 months ending March 1983 be cut to 146,000 units compared with the Japanese offer to hold exports to 174,000 units, the same level as the previous fiscal year. doldrums.

It is still not clear how many cars will be allowed during the January-March quarter next year. This will depend largely on whether the Canadian market moves out of the doldrums.

The car issue flared early this year when the Japanese rejected the initial demand for a sharp cut in shipments, which Canada insisted was needed to help its own motor industry through a deep recession.

Canada also pressed Japan to increase the local content of cars.

In addition, Canada sought to include commercial vehicles under some form of restraint. The latter two issues will be brought up in the talks beginning next month.

A new low in bilateral trade ties was reached last spring after the Canadian Government began delaying the import of Japanese cars through Vancouver by strictly enforcing customs procedures. Japan claimed this was a violation of the General Agreement on Tariffs and Trade (Gatt).

Canada formally notified Japan that it was ending such practices last week.

Norway free to seek Soviet offshore orders

BY FAY GJESTER IN OSLO

NORWAY'S OFFSHORE fabricating industry is free to seek Soviet orders for equipment and know-how for oil and gas exploration — and eventual production—in the Soviet sector of the Barents Sea, Mr Arne Skauge, the Norwegian Trade Minister, has announced.

Until now, there has been *some uncertainty about the* Conservative Government's attitude.

Norway has a long-standing dispute with the Soviet Union over the sector boundary in the Barents Sea and as a member of Nato it has loyally observed the U.S. ban on exports to the Soviet Union of advanced technical equipment.

After recent cabinet discussions, however, it was decided that neither factor jusified barring Norwegian offshore related industry from a potentially profitable business.

But Norway has informed the U.S. State Department that any deals Norwegian companies conclude with the Soviet Union will still be consistent with Norwegian promises to observe the ban on high technology exports to this market.

The Soviet Union reportedly began exploration drilling in its part of the Barents Sea three months ago, using the first of three drill ships built for it by the Finnish Rauma Repola yard. A second vessel has just finished trials and will start drilling soon and a *third is due for delivery next* month.

Moscow has given no precise information about where these wells are being drilled but they are believed to be outside the 155,000 sq km disputed "grey zone" between the Norwegian and Soviet sectors.

Mr Eivinn Berg, the Norwegian Deputy Foreign Minister, says the Norwegian Government has "repeatedly made it clear" to Moscow that Norway assumes neither side will do anything, in the disputed area, which could *make it harder to* reach agreement in the future. Oslo therefore also assumes that any equipment which Norway might deliver to the Soviet Union would not be used for exploration in this zone.

U.S. jobs 'linked to exports'

BY PAUL TAYLOR IN NEW YORK

U.S. MANUFACTURING industry is becoming increasingly dependent on exports for its growth, according to a report published yesterday by the independent Conference Board.

The New York-based research organisation says that almost four out of every five manufacturing jobs created in the U.S. between 1977 and 1980 were linked to exports. By 1980, about 4.7m jobs in the U.S. were related to the export of manufactured goods of which 2.8m were in manufacturing plants.

The analysis, which is based largely upon U.S. Commerce Department statistics, reveals that more than 15 per cent of the manufacturing jobs in ten states, Arizona, California, Oregon, Alaska, Massachusetts, Michigan, Ohio, Rhode Island, Washington and West Virginia are related to exports.

The other major findings of the report are that:

- About 250 U.S. companies had combined overseas sales of $500bn in 1980.
- Export-related employment is highest in the non-electrical machinery sector (18.5 per cent) followed by electric and electronic equipment (12 per cent) and transportation equipment (11.2 per cent).

The report also shows that while the U.S. is becoming a service orientated economy, manufacturing still accounts for 23 per cent of U.S. gross national product and for 19 per cent of the 20.3m jobs in the U.S. in 1981.

California leads the league in manufacturing employment with 2m jobs followed by New York which has 1.4m manufacturing jobs, Pennsylvania with 1.3m, Ohio with 1.2m, Illinois with 1.1m and Texas with 1m.

In contrast, Michigan, heavily reliant upon car related employment, has lost 140,000 manufacturing jobs since 1970.

Overall, the U.S. manufacturing sector has shed 870,000 jobs during the last two years but added 1.7m jobs between 1970 and 1979 resulting in a net gain over the longer period of about 800,000. The instrument industry grew fastest between 1970 and 1980 creating 36 per cent more jobs followed by both the non-electrical and rubber industries which showed a growth in jobs of over 27 per cent.

However, jobs in leather manufacturing fell by 27 per cent and employment in the textile and tobacco industries by about 15 per cent.

The report also confirms that manufacturing employment is still concentrated in the northern states but shows that over 25 per cent of all jobs in the southern states are now in manufacturing. North and South Carolina, Tennessee, Arkansas, Alabama and Mississippi all employ more than 27 per cent of their workforce in the manufacturing sector.

Economic Road Maps Nos 1930-1931; Conference Board, New York 759-0900.

Saudi pledge on price of LPG

By Richard Johns

SAUDI ARABIA has told its customers for Liquefied Petroleum Gas—propane and butane—that it does not immediately intend to raise the price for it in line with Arabian light crude.

But Dr Abdulhardi Taher, governor of Petromin, said that Saudi Arabia, the world's biggest producer of LPG, which is enjoying about 30 per cent of the international trade in the commodity, reserved its right to do so at any time.

He was clarifying an earlier message which caused some confusion in the industry and implied the intention of tying the price of LPG to Arabian light at least from the beginning of this year.

The average price would rise from the present level of $240 per tonne to $282 if it was given parity on a thermal basis.

Customers have been invited to visit Jeddah to discuss the issue. Japan, the biggest single market, is particularly concerned about any price increase and has pleaded that any indexation should be less than 100 per cent.

Industry obervers believe that Saudi Aabia would be able this wintr to set a world price as seasonal demand—because of low oil output by members of the Organisation of Petroleum Exporting Countries—has meant low output of LPG.

Move soon on Venezuela plants

BY ROBERT GRAHAM IN MADRID

A FRESH attempt is to be made later this month to decide the fate of a paralysed commercial vehicle engine plant and a commercial vehicle assembly plant built in Venezuela by the Spanish state concern, Enasa.

The combined project in which Enasa has invested Pts 6bn (£33.3m) at 1980 prices has proved a stumbling block in improving commercial relations between Spain and Venezuela during the last three years.

The impetus to seek a resolution comes from discussions on Tuesday in Venezuela between Sr Leopoldo Calvo Sotelo, the Spanish Premier, and Sr Herrera Campins, the Venezuelan President.

The latter is reported to have said that all outstanding problems related to the future of the two plants could be resolved by inviting Sr Carlos Bustelo, president of the stake holding company INI, to visit Caracas at the end of the month. However, there is still a measure of scepticism within INI since no progress has been made for more than two years.

The project to build an engine plant and a truck assembly plant emerged in 1977 following a visit by King Juan Carlos to Venezuela.

Enasa had invested Pts 4.8bn in the engine plant and Pts 1.2bn in the truck assembly, having taken a 49 per cent stake in the former in partnership with the Venezuelan military holding company, Cavim, and a 49 per cent stake with Venezuelan motor concessionaries in the latter.

China hits at U.S.

China, preparing to begin fresh textile trade negotiations with the U.S., said its exports do not hurt anyone and claimed there was no reason for further U.S. restrictions, AP-DJ reports from Peking.

هكذا من الأصل

Say hello to the new Fiat two-litre.

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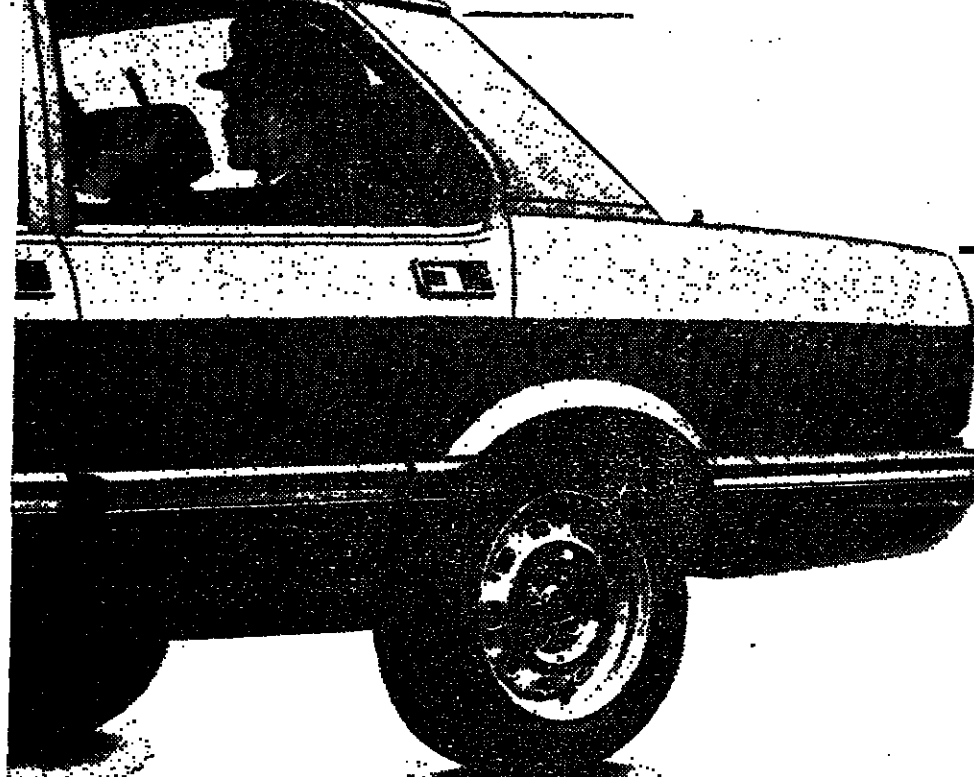

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Government condemns Shore's economic plan

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT yesterday dismissed the expansionary proposals of Mr Peter Shore, the Shadow Chancellor, as "confused and flawed."

Mr Leon Brittan, Chief Secretary to the Treasury, attacked the higher public spending plans put forward by Mr Shore on Tuesday as being incoherent and misguided. He said they would add substantially to public borrowing and push up interest rates, going flatly against Labour hopes of bringing interest rates down. They would also boost inflation and stultify recovery.

Mr Brittan defended the Government's record in his reply to Mr Shore, saying that interest rates had come down by 4½ per centage points since last November saving industry over £1bn a year, and that this has been possible only because of tight control on public borrowing.

Apart from attacking Labour's plans, Mr Brittan's main point was that there is no magic wand or "package" of measures which will cure Britain's problems.

"If there were any quick or easy solutions that would bring sustainable results, we would obviously have adopted them. But it is precisely because previous governments have sought such easy solutions that we have not yet solved our present deep-seated problems.

"What is needed now is to sustain steady economic policies designed to bring down interest rates and inflation, and to create the climate in which industry can invest and sell its products against our competitors overseas. Of course, the process is a slow one."

Mr Brittan is, however, likely to come under pressure in the autumn from both industry and Tory backbenchers if there are no signs by then of an economic pick-up. There is likely to be pressure for the November economic statement to include definite measures to help industry.

For Labour, Mr Jack Straw, an Opposition Treasury spokesman, described Mr Brittan's letter to Mr Shore as "frivolous and uncaring" in view of yesterday's industrial production figures, which he said showed that the Government's strategy had failed in its own terms.

Britain was "still in the depths of the recession. We are heading for the rocks. The Government's complacency in the face of this catastrophe is quite unparalleled." Mr Straw sought to show that both Labour and the Confederation of British Industry were right in their comments about the economy.

It is clear from Mr Brittan's letter that the Government's tactic will be to argue that the expansionary proposals from Labour would only boost interest rates and inflation and that the problem of lack of orders is directly related to high costs and high prices.

The Treasury argues that it is inconsistent for Mr Shore to argue for both the re-imposition of outward exchange controls and a lower exchange rate because the two are incompatible, since controls on capital outflows would push up sterling.

Mr Brittan also says that Labour's plans would have to be backed by import controls and an incomes policy as well as the "more superficially attractive wrapping." This, he claims, is a fact which it is embarrassing for Labour leaders to discuss.

SDP urges health service reform

BY OUR POLITICAL EDITOR

THE no-strike commitment of the nursing profession should be extended throughout the health service, argues the latest in a series of consultative green papers from the Social Democratic Party.

The paper, launched yesterday by Mr Mike Thomas, chairman of the party's policy group on health and social services, stresses the need for equality, prevention and diversity in the health service. It proposes that an extension of the no-strike commitment should be reflected in health workers' pay. The arrangements for all pay negotiations in the NHS should be re-examined within the wider context of an incomes policy, it says.

The proposals include suggestions for changes in the procedure for recognising new drugs and their use in the NHS. New drugs would be used only if they were comparatively safer, cheaper and more effective than those available already. With proposals for substitution for branded products, the intention is to alter the incentives for pharmaceutical companies and, in time, to save 15-20 per cent of the NHS drugs bill, now £150m-£200m a year.

The document argues that additional resources, including £300m from the SDP's economic programme, should be used in a concentrated attack on inequalities. An employment and innovation fund will be used to finance projects put forward by any combination of local social services authorities, health authorities and voluntary bodies.

Tax concessions to the private health sector should be abolished and additional incentives given to staff who devote all their time to the public sector, the paper recommends.

Voluntary organisations would be given wider support throughout the social services.

The document urges more emphasis on prevention and promotion. Alcohol and tobacco products would be brought under the Medicines Act, to give the Government more say on composition and content labelling and advertising; lead in petrol would be phased out, safety and labelling standards tightened, and the fluoridisation of water supplies implemented fully.

The impact of VAT on charitable welfare services should be reviewed and fiscal changes made to encourage donations to voluntary bodies.

Fair Treatment, Social Democracy in the Health and Social Services, SDP green paper No. 5. £1.00 from SDP 4, Cowley Street London, S.W.1.

Labour left to hold conference

By Our Political Editor

FAR LEFT groups within the Labour Party are organising a major conference in mid-September to protest against the proposal to set up a register of approved organisations within the movement.

The conference is part of the left's campaign against the leadership's intention to push the Militant Tendency out of the party after the party's full conference in Blackpool in September.

A letter has been sent out by leading Militant supporters and other members of the left calling a conference at Wembley on September 11, at which "2,600 delegates and visitors" are expected.

Sponsors include Mr Tony Benn, Mr Dennis Skinner, Miss Joan Maynard, who is likely to become chairman of the Labour Party from October, Mr Ken Livingstone leader of the GLC and several local constituency Labour Parties and trade union branches.

SDLP executive faces Assembly vote protest

BY OUR DUBLIN CORRESPONDENT

THERE are likely to be heated exchanges at Saturday's meeting of the executive of the Social Democratic and Labour Party, the major party representing Northern Ireland Catholics.

Party members have been dismayed by reports in Irish newspapers that SDLP leaders are in favour of contesting the elections for the new Northern Ireland Assembly on October 20.

A firm decision will not be made until a special meeting of the party executive on August 24, when the party leader, Mr John Hume, returns from holiday. But the rank and file have been upset by the suggestion that decisions have already been taken.

Some members who favour contesting the election fear that the newspaper reports could strengthen the hand of those who would prefer to boycott the poll. The latter include the party deputy leader, Mr Seamus Mallon. An order read before Parliament yesterday confirmed that Mr Mallon, as a member of the Irish Senate, would not be eligible for a seat in the Assembly.

Mr Hume argues in favour of fighting the elections, while keeping his options open on participation in the Assembly proposed by Mr James Prior, Northern Ireland Secretary.

But it is still not clear whether he can be nominated for his traditional Armagh seat.

The Provisionals' political wing, Sinn Fein, says it will put up candidates if the SDLP stands, despite their reverses in the Irish general election last March. The small Irish Independent Party is also likely to stand, making a three-cornered fight for the nationalist vote.

The argument of Mr Hume and his supporters is that, unless the SDLP takes on these Republican parties, its mandate as the representative of the bulk of Northern Ireland Catholics will be lost.

Highlands development board under fire

By Anthony Moreton, Regional Affairs Editor

THE Highlands and Islands Development Board has been severely criticised by the Public Accounts Committee of MPs for its lack of financial control over a scheme to bring work to Braesclete on the island of Lewis in the Outer Hebrides.

The board put money into a fish-processing factory and into a company that introduced new fishing methods. But local fishermen refused to work the new methods and the factory was underutilised.

In its report yesterday the committee says the board "appears to have continued to commit support to (the project) beyond the point at which a dispassionate re-appraisal should have led it to call a halt."

The all-party committee, under the chairmanship of Mr Joel Barnett, a former Labour Minister, calls on the board to undertake a "thorough review" of the way in which financial control over projects is exercised.

Such a review should cover the arrangements for the initial appraisal of investment opportunities and particularly the quality of the board's internal monitoring arrangements as well as its system of reporting progress to the Government, says the committee.

Last night the board said it would take full account of the report. It had already implemented some of the recommendations.

Unofficially, it was felt at the board's headquarters in Inverness that the report was less severe than it appeared on the surface. It was pointed out that as the board did not take majority holdings in most of its operations it could not have full financial control.

To have stricter control over monitoring, it has set up a small finance team to work on what it describes as "after-care."

The Braesclete project began with the setting up of a fish-drying factory at a cost of almost £1m in 1977.

The factory was to be leased to Norwegian interests which would manage the venture. The cost per job created was admittedly high — £40,000 compared with an average of £3,600 in previous board projects — but this was defended in the light of the difficult employment conditions in the Outer Hebrides.

The factory was underutilised and when the Nigerian Government banned the import of dried fish the board did not have the funds to keep the company going. A receiver was appointed.

21st report from the Committee of Public Accounts, Session 1981-82. Highlands and Islands Development Board, Accounts 1980-81. House of Commons Paper 301. SO: £4.25.

Offices plan for Whitehall site unveiled

By William Cochrane

DEVELOPMENT of a key Whitehall site in three stages would provide offices for 650 civil servants and up to 100 members of parliament, Mr Michael Heseltine, Environment Secretary, said yesterday.

The site, bounded by Richmond Terrace, Whitehall, Bridge Street and Victoria Embankment, lies at the north-western end of Westminster Bridge, opposite the Houses of Parliament.

Work on the £22m first phase will begin in September with further remedial work to the Georgian facade of the buildings fronting Richmond Terrace, at the northern end of the site. The main development of the site immediately behind, for civil servants, will begin next year.

The adjacent property facing Parliament Street and running down to Derby Gate will also be renovated and adapted as part of this phase. Mr Heseltine expects to fund it by selling outlying offices presently occupied by civil servants.

In 1984-85 building work should start on the area designated for parliamentary accommodation between Parliament Street and Cannon Row. This property is to be conserved and adapted at a cost of around £15m spread over four years under detailed plans commissioned from the Casson Conder Partnership. This phase, too, will be publicly funded.

Mr Heseltine said that at present only 35 MPs had their own rooms, apart from ministers and committee members. The rest had to share.

The third stage, he said, would be demolition and redevelopment between Cannon Row and Victoria Embankment. The Property Services Agency would try to develop this area with private funds for a mixture of parliamentary and industrial uses.

Rapid increase in N. Sea drilling

BY RAY DAFTER, ENERGY EDITOR

OIL INDUSTRY exploration activity in the UK sector of the North Sea has risen dramatically to a near-record level, according to industry statistics published today.

Drilling has been boosted by companies eager to assess new licence areas issued in the seventh round of allocations last year. The Government is hoping to maintain the impetus of exploration work by offering a new set of licences later this year.

Industry reports suggest that 21 exploration wells were being drilled on the UK Continental Shelf—mainly in the North Sea—at the beginning of this month. Gaffney Cline and Associates, energy consultants, report today that the rate of exploration drilling is only slightly down on the peak period at the end of 1977.

During the second quarter this year Gaffney, Cline's index of exploration drilling rose to 137 (1977=100) compared with a low point of about 30 early last year. Mr Tom Cox, the company's managing director, said the figures had been influenced by seventh round licence activity. In addition, some of the recent wells had been drilled more quickly than in past exploration operations.

The rise in exploration activity, with drilling work associated with fields now being brought on stream, means that the overall drilling activity index has risen to a record 143.7 against a previous peak of less than 130 at the end of 1976.

In contrast, the construction expenditure index has remained steady, albeit close to record levels, at 150.8.

But as the offshore industry pushes ahead to find new oil and gas reserves, it continues to take longer to assess the development potential of discovered fields. The lull in new field production over the past two years has resulted in another fall in the UK development index. According to Gaffney Cline the index fell from an average of 100 in 1977 to 73.6 in the second quarter of this year.

The company said that in the light of recent announcements about development plans it was likely that the trend would be halted, or possibly reversed, during the last half of this year.

MPs urge change in oil taxation system

BY OUR ENERGY EDITOR

THE Government has been urged to consider proposals to scrap the North Sea oil tax structure and replace it with a simpler, profit-based system.

The influential Public Accounts Committee of MPs, in recommending a re-think, says the system is too inflexible and in danger of discouraging the maximum technical production of oil from existing fields.

The committee's conclusions, published yesterday, coincide with a new round of discussions between the Treasury and the offshore oil industry about future oil tax rules. So far the Treasury has resisted a call from the industry for a major revision of the tax structure and a cut in the overall rate of taxation.

At present oil companies can pay the Government almost 90 per cent of net revenues at the top marginal rate of taxation.

"We consider that the numerous changes that have been required in the structure of the regime since 1975, and continue to be required, bear witness that the present regime does not possess flexibility," says the committee.

Much of the Government's income from North Sea oil production is derived from taxation based on revenue rather than profits. "One of the attractions of a progressive profits-based tax seems to us to be the prospect that it would provide an automatic response to changing economic circumstances without the need to resort to frequent changes in rates and structure," the report goes on.

The committee points out that another all-party body of MPs, the Energy Select Committee, has also called for a thorough overhaul of the tax system.

The report points out that the Institute of Fiscal Studies has already suggested a simple profits-based tax system. The Inland Revenue, however, claimed that such a system would be unpopular with oil companies as it would be disruptive to plans based on the existing tax system and would leave the industry with a rate of return more akin to public utilities.

In addition, the Inland Revenue claimed that the absorption of revenue-based royalties into a unified tax structure would also raise difficult questions about the creditability of UK taxes against other countries' taxes for foreign operators.

The committee says it should be possible to devise a financial regime which affords greater predictability and thus a better opportunity to ensure that it works in favour of Government objectives, including its oil depletion policy. While the rate of production could not be controlled wholly by taxation, the fiscal regime should work in harmony with depletion.

Committee members recognised that oil companies had complained that the present tax system was inhibiting North Sea oil development. The delay in the development of marginally-economic fields might not be detrimental to depletion policies if it was felt there was a need to defer the exploitation of some reserves.

It was "desirable" that existing commercial fields be exploited to their full potential. Several of the tax system's incentives and reliefs might not be available as a field approached the end of its production cycle. Furthermore, royalties would have to be paid whether or not a field remained profitable.

The committee says: "It seems to us that the incidence of tax and royalty must be an important factor in a decision to abandon a field and that the present regime is unlikely to encourage, and may actively discourage, technological efforts to extend the yield from existing fields."

Tax investigators save £173m

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A TOTAL of 11,660 civil servants were employed last year to investigate tax evasion and social security fiddles retrieving £518m for the Exchequer, a House of Commons report showed yesterday.

The report, by the all-party Public Accounts Committee of MPs shows that the 1,870 Inland Revenue staff employed on investigation work brought in an extra £173m tax, penalties or interest payments. That represented about £92,000 per official, exclusive of wage costs.

The committee says that from the taxpayers' point of view tax investigation work is highly cost-effective. It does not believe the average figure would be much lower if more officials were employed.

The report says 4,000 Customs and Excise officials are employed to visit traders suspected of paying less Value Added Tax than they should have paid. In 1980-81, the inspectors found under-declaration amounting to about £150m, or £37,000 per official.

The average recovered by the 5,600 Health Department officials investigating social security frauds and abuses was less, at about £30,000 per official. But the 190 staff checking employers' contribution records netted the equivalent of about £170,000 per official in the first 40 weeks of 1981.

At the Inland Revenue, about 1,300 staff are engaged in selective examination of taxpayers' accounts, according to the report. Together they brought in an extra £100m in 1981. A further £29m was netted by 80 officers involved in special investigations; £23m came from 100 staff in the enquiry branch and £20m from 390 staff in the pay-as-you-earn audit.

The committee says it still has no better idea of the size of the "black economy" than the Inland Revenue's estimate last year, that some £4bn a year of tax revenue was being lost.

"We regret that there is still no positive evidence of any significant abatement of the black economy," the MPs say.

They recognise that the Revenue's efforts to combat tax evasion are handicapped by its inability to examine taxpayers' records on a random sampling basis.

"We have not considered the full implications of removing this limitation from the Inland Revenue. But, considered solely in terms of efficiency in combating tax evasion, the limitation seems regrettable because the use of modern statistical methods might well assist the department to detect probable areas of non-compliance more effectively and so enable them to deploy their investigative resources in the most efficient way."

The report notes that the Revenue's efforts are inhibited by the difficulty of recruiting and retaining high-calibre investigative staff in competition with the accounting profession.

The committee recommends that the Inland Revenue and the Treasury should give urgent consideration to whether "special measures" are needed to attract the right sort of staff to this work.

The committee also suggests there is a case for heavier penalties for tax evaders.

Twenty-second report from the Committee of Public Accounts; H of C paper 339; SO; £6.20.

Tax departments criticised over collection delays

By Max Wilkinson

THE Public Accounts Committee has criticised the Inland Revenue and the Customs and Excise Departments for their slowness in collecting tax revenue still outstanding as a result of last year's civil servants' strike.

By the end of March between £1.25bn and £1.5bn of Value Added Tax, Inland Revenue taxes and national insurance contributions were still outstanding. The cost to the Exchequer in lost interest is estimated to be £500m.

The committee says: "We observe that this amount of delayed revenue implies losses of interest continuing to mount at a rate of at least £10m a month; and we consider that prolonged delay in collection will increase the probability that some revenue will prove irrecoverable."

In view of this, the committee says the expenditure of £500,000 by Customs and Excise to overcome the backlog was inadequate.

It has asked for reports from both departments

Britain falls in cost-of-living league

BY JAMES McDONALD

THE cost of living in Britain is now lower than many other countries, due to the weaker pound and falling inflation, according to a study by Inbucon, the management consultants.

It shows that in a cost-of-living comparison of 124 countries, Britain is cheaper than average — for the first time in many years.

Inbucon's own index of international indices, introduced last year, places London as the 75th dearest city out of a total of 124 cities. In 1981 London was placed 44th out of a total of 89 cities.

Country and City	Index	Ranking
UK—London	100.0	75
Zaire—Kinshasa	210.1	1
Saudi Arabia—Jeddah	136.0	13
Japan—Tokyo	133.7	17
Norway—Oslo	128.1	25
Switzerland—Zurich	120.9	35
Papua, New Guinea Port Moresby	111.8	47
Cameroon—Yaounda	106.0	61
Peru—Lima	97.2	86
Philippines—Manila	91.1	97
Morocco—Rabat	82.5	110
Mexico City—Mexico	72.4	124

Note: Last year's dearest city, Accra, was excluded from the 1982 index because of very wide variations in component indices.

The latest comparisons of the living costs in the capitals or major cities of 124 countries are made with three base cities—London, New York and Frankfurt.

With an index base of 100 for London, the index figure for New York was 108.5 and Frankfurt's 99.8. Kinshasa, Zaire, was the dearest city with 210.1 and Mexico City was the cheapest with an index figure of 72.4.

This year's report includes, for the first time, pay and purchasing power comparisons in 21 countries between company executives in similar positions.

For example, a finance director in a UK company with annual sales of £20m has a gross salary of £21,200 and, after tax and adjustment for the cost of living, purchasing power of £14,300. This places the British executive 14th in terms of purchasing power, well behind his counterparts in: Switzerland—first in the table with £23,900; the U.S., second with £22,200; and West Germany, third with £22,000.

Only those counterparts in Greece, Ireland, Portugal, and the high-cost, high-tax Scandinavian countries come lower in the scale.

International Taxation and Living costs, 1982, Inbucon Management Consultants, International Salary Research, 197, Knightsbridge, London, SW7; £95.

Life insurance trade warns of foreign pitfalls

BY ERIC SHORT

THE two trade associations for life insurance yesterday warned of the dangers of investment policies from overseas companies not registered in the UK.

The Life Offices Association (LOA) and the Associated Scottish Life Offices, in a joint statement said the companies were not authorised by the Department of Trade to carry on business but could advertise and sell policies through intermediaries.

These policies were not covered by the Policyholders' Protection Act, which guarantees at least 90 per cent of benefits if an insurance company runs into financial difficulty. Neither were the companies regulated by the Department of Trade.

Mr Michael Oppe, secretary general of the LOA, said that the association was concerned about the activities of certain overseas life companies, including the Gibraltar-based Signal Life Assurance—a company currently being investigated by the Gibraltar authorities.

The Trade Department said that under current insurance legislation, it is an offence to promote products of an overseas insurance company not registered in the UK unless it is stated in the advertisement that the company concerned is not registered.

But several insurance intermediaries in promoting the bonds from Signal Life admit to placing advertisements in their local newspapers omitting to state that Signal Life was not registered in the UK. They all claim to have been unaware of the requirement and were never questioned by the newspapers concerned.

The department has recently sent reminders of the requirements to the Advertising Standards Authority, the Newspaper Proprietors Association and the Newspaper Society.

Technology group sells Logica shares

By Jason Crisp

THE British Technology Group has sold its shares in Logica, one of Britain's leading computer systems houses, for £3.6m. The shares were originally bought by the National Enterprise Board, now part of BTG, in 1979 to help staff buy out a major U.S. shareholder.

The NEB owned different shareholdings in three interrelated Logica companies, all of which have now been sold to private institutions. Logica itself has now been reorganised into one company, with common ownership of both the consulting and software side and the word processing and office automation activities.

The staff retain 55 per cent of the new company. European institutional shareholders hold 19 per cent and UK institutions 27 per cent.

Yesterday Logica announced that the placing of the shares with the institutions had raised £5.2m. The excess over the sum paid to BTG is being used to repay overdrafts.

New managing director appointed by Guinness Peat

By Our Banking Correspondent

MR MARK HOFFMAN, the former chief financial officer of Canada's George Weston group, has been appointed a managing director of the troubled Guinness Peat group, the commodities to banking concern which is expected to announce a pre-tax loss of over £20m for 1981/82 later this month.

Mr Hoffman, will act as the effective deputy chief executive under Mr Alastair Morton, who was hired last January to sort out the group's serious financial problems.

In March Guinness Peat announced a pre-tax loss of £7.4m for the six months to October 31, 1982, and in July it announced a £15m provision for losses arising from a California tyre business it helped to finance.

The company said yesterday that Mr Hoffman's task is to develop Guinness Peat's "business and profitability worldwide following the substantial reorganisation and rationalisation now within sight of completion."

Among his other duties, Mr Hoffman, aged 43, is expected to take on some of the responsibilities of Mr Peter Dix, Guinness Peat's finance director, who decided some months ago to join Unitel, the U.S. money broking and computerised financial services operation, which Guinness Peat sold recently.

Mr Dix has stayed on to help Mr Morton but he is expected to join Unitel in the autumn.

Mr Hoffman, an American citizen, worked for the World Bank in Washington before joining Hambros Bank in the early 1970s.

In 1975 he joined George Weston, where he was involved in the financial reorganisation of the Canadian group.

For the past 18 months he has been president of George Weston's resource group.

Dan Air to buy two BAe 146s in £15m deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR is planning to buy two of British Aerospace's BAe 146 four-engined, short-range jet airliners, worth about £15m including spares, with an option on a further undisclosed number of aircraft.

The independent airline has reached a preliminary agreement with British Aerospace, and detailed contract negotiations are in progress. The first aircraft is expected to be delivered early next year.

Dan-Air will be buying the Series 100 version, which seats about 88 passengers, for use on its European scheduled service network, *including on the recently awarded route to Berne* and Zurich, and on some inclusive tour holiday flights.

The deal will bring to 12 the *number of BAe 146s ordered to* date, with at least another 12 on option. Four aircraft are flying in a test programme, with over 800 hours of air time logged so far, to win a certificate of airworthiness by the end of the year.

British Aerospace is investing over £350m in production, which is expected to reach three aircraft a month by next year.

Further contracts for BAe 146s are under negotiation both at home and overseas—one interested airline is British Air Ferries—and more orders are likely to be announced soon.

The aircraft is to make its public debut at the *Farnborough air show in early* September. Later this year it is expected to make a major overseas sales tour ta[illegible] Middle East, the Far East, South - East Asia and Australasia.

Steel output declines in July

Financial Times Reporter

STEEL PRODUCTION in Britain averaged 224,300 *tonnes* per week in July, the lowest output level since December 1980.

The production rate was 20.1 per cent lower than in June and 21.3 per cent below the July 1981 level.

The main reason for the decline was that many mills brought forward annual holidays from August to July. This, in turn, reflected the continuing low level of order intake that has been felt since March, particularly at works making commercial steel products for re-rolling.

Output in the first seven months of 1982 averaged 299,300 tonnes per week, 2 per cent ahead of the level *in the corresponding period* of 1981. However, the rate of advance has been falling as the year progresses.

● The British Steel Coropration has awarded Otto-Simon Carves a contract worth about £33m to rebuild the coke ovens at its Redcar works.

Site work will begin in September with refractory construction beginning early in 1983.

The plant, consisting of two batteries each of 66 coke ovens, including facilities for handling and charging of coal, is to be operational early in 1984.

From optimism to despair on the job-hunt

Arthur Smith looks at life on the dole in Birmingham

West Midlands: REGION IN RECESSION

MR LEN KINGSCOTT was not despondent when, in May 1980 at the age of 50, he lost his job as a production controller. His Smethwick foundry was one of a number closed by Birmid Qualcast as part of a rationalisation programme in the wake of *the rapid* decline of the vehicle industry.

After 2 years with the company he picked up about £3,000 redundancy money and joined the unemployed for the first time in his life. "I thought I was landed. The money was welcome and it would not take long to get another job."

He considered himself lucky. He had paid the mortgage on his pleasant semi-detached house in a Birmingham suburb. His wife had a part-time job and his teenage daughter, Cheryl, was coming up to school-leaving age.

"I joined the professional and executive register and went on a two-week course to learn *about interview techniques and* how to prepare job applications." A slight, retiring man, he smiles: "It was all good stuff. I only had to go away and do what I had been told.

"I started buying three or *four* newspapers to go through the job ads. I was sending off applications — around eight to 10 a day."

After several weeks he began to worry. "I wasn't even getting any replies. I was just sitting around waiting for something to happen."

In desperation he made phone calls to chase the applications: "I usually only managed to get through to a girl. Then I was generally asked my age and I realised how much it went against me."

His spirits lifted when he went on a 10-week management development course at Worcester. "It was great to get back into a routine—to have a purpose, *a reason for getting up* in the morning."

He enjoyed the companionship of managers in a similar poistion: "But there was one man who was particularly withdrawn and apparently under stress. We eventually dragged out of him that he had been unemployed for seven months and had not told his wife. He left home at the normal time in the morning wandered round the shops and streets to return home as usual."

For Mr Kingscott the management course provided merely a diversion. "I still couldn't get a job. The weeks dragged *by* and I got more and more depressed. I didn't want to get up in the morning. I couldn't settle to do anything, not even watch television."

After 12 months' he took a job at less than £3,000 a year selling screws and fixings for the building trade. "If there is one thing I am not it is a sales rep. but anything is better than being on the dole."

Another factor pushing Mr Kingscott to take any work available was that, with more than £2,000 savings, he was not eligible for social security payments once his 12 months of unemployment benefit expired.

The sales job did not last. "I was selling in a depressed part of Birmingham and I never hit a target sufficient to earn any commission. They were fair and gave me 11 months' run before I was dismissed."

Unemployed now since April, Mr Kingscott is resigned to the fact that, with the contraction of West Midlands industry, he may never work again. "The only way I shall do it is to come up with a business idea of my own."

The prospect of such a venture has been raised from work done with other unemployed executives meeting at the Birmingham Settlement, a local charity. Seven men with backgrounds from engineering to marketing but with a common passion for gardening have developed a range of horticultural products. Their aim is to form a worker co-operative.

Meanwhile Mr Kingscott manages on his £22.50 a week unemployment benefit and 80p allowance for his daughter. She now hopes to train as a laboratory technician.

But what are the prospects for her finding a job? Might she not suffer a similar plight of unemployment? He smiles uncertainly: "Let's hope in two years' time it will be a lot different from what it is now."

National Coal Board awards opencast contract worth £35m

BY JAMES McDONALD

A 12-YEAR contract worth £35m has been won by Derek Crouch (Contractors) from the National Coal Board Opencast Executive to operate a new opencast site at East Chevington, Northumberland.

The contract involves extracting 3½m tonnes of coal from the 260-hectare site over 10 years, with the final two years of the contract to be spent in restoring the land for farming.

More than 100 jobs will be created by the contract. The peak of employment will be reached by next autumn.

Machines will move in this month to open up the site and the first coal will be brought out in the autumn. Production will build up over the following 12 months to an annual rate of 400,000 tonnes. Most of the coal will go to power stations.

The coal lies in six main seams, ranging in thickness from half a metre to 1½ metres, at depths of up to 90 metres.

The contract will be mainly a dragline operation and the NCB Opencast Executive will supply a Ransome and Rapier 200W machine with a 36 cubic yard bucket. The machine will have an unusually long boom of 314ft.

Work on the dragline, which will be built on site, will start in October and finish late next year. Ruston Bucyrus 195B face shovels and 85-ton capacity Caterpillar 777 dumptrucks will also be used.

Derek Crouch says the mining and restoration will cure subsidence caused by deep mining in the past of two of the seams under the area.

Post Office to spend £22m on vehicles

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Post Office will buy 5,000 vehicles worth £22m during this financial year, Mr Peter Smith, *chief motor* transport officer, said yesterday.

All the major UK-based manufacturers can expect some of the business. Ford, Vauxhall, BL's Freight Rover subsidiary and Karrier Motors (jointly owned by Talbot and Renault of France) have already won orders.

The Post Office's biggest order so far this year was for 1,200 Ital-Marina vans from BL's Austin Rover offshoot. Also on order are 20 32-tonne Leyland Roadtrains, the Post Office fleet's heavyweights which will take the Roadtrain total to 50.

Experiments with electric vehicles are continuing. Trials with Bedford electric vans are well ahead and the Post Office *fleet will shortly take on two* BL Freight Rover Sherpas powered by the Lucas-Chloride system.

Mr Smith's comments came a day after it emerged that the biggest ever order placed in Britain for light vans—for 2,500 worth about £10m—had been awarded by British Telecom to Freight Rover.

There was intense competition between all the major UK manufacturers for the deal.

BT plans to order about 2,500 new vans a year. It has stressed they will not necessarily all go to the same manufacturer.

BL subsidiary warns of 181 job losses

By Kenneth Gooding

LEYLAND VEHICLES, the BL subsidiary, yesterday told unions it would need 181 compulsory redundancies at its Bathgate, West Lothian, engines plant if it was to meet its job-cuts target of 1,565.

The company's rationalisation programme, which led to a protracted dispute earlier this year, at first meant losing 1,365 jobs out of the previous total of 5,600. As a result of the strike another 200 jobs were cut because the JCB construction equipment group withdrew from a contract.

Yesterday Leyland said that, in spite of previous assurances, it could not rule out the need for still further redundancies. It was indicated to the unions that this might involve a further 200 jobs.

Car industry job losses predicted

By Kenneth Gooding, Motor Industry Correspondent

A THIRD round of major redundancies in the UK motor components industry can be expected in the coming weeks, according to stockbrokers Phillips and Drew.

In the past month Automotive Products has called for 900 redundancies and Lucas CAV shut down one plant and is to reduce employment at another, losing 950 jobs.

The brokers, in their latest Engineering and Motor Review, suggest there is more to come.

Partner Mr Bill Seward hints that job cuts might be needed within Lucas's motor components business, at Associated Engineering, Armstrong Equipment and Jonas Woodhead, among others.

"In recent weeks we have become much more cautious about the extent to which motor component companies' profits will recover in 1982," says Mr Seward. "This downward revision is disappointing since there was reason to hope for some benefits from 1981's major cost-saving programme."

Mr Seward says the component companies are being squeezed by poor demand for both equipment for new vehicles and replacement items, and by motor manufacturers seeking the lowest possible prices to narrow the sales price gap between the UK and the Continent.

In one recent case a supplier was forced to halve the price for a key component.

All this has put intense pressure on component suppliers' profit margins. Mr Seward forecasts that car production in Britain this year will fall from 952,000 to 901,000 in spite of an expected improvement by British Leyland from 413,000 to 428,000.

Van output is predicted to improve, from 159,000 to *184,000*, while *production of* trucks and artics might go up from 58,000 to 66,000.

"We do not expect 1983 to see any worthwhile increase in car production, though commercial vehicle output—particularly at the heavier end—could edge higher."

Alfa Romeo UK reports £7.3m loss for 1981

By Kenneth Gooding

ALFA ROMEO's UK subsidiary suffered a £7.3m operating loss for 1981 but expects to reduce it to £3m this year and to break even in 1983.

Last year's loss was largely the result of the £4m-£5m cost of financing new headquarters in north London with funds raised entirely in the UK.

The company said a further significant factor was the need to spend heavily "to re-establish the Alfa Romeo image in Britain."

According to Campaign magazine, Alfa spent more than £2m on advertising last year, equivalent to £251 for each car registered in Britain. (Ford's expenditure was £24 a car and Austin Rover's £40.)

In 1981 Alfa's sales slumped to only 8,030 cars compared with 10,219 the previous year and around 13,000 in the peak 1978-79 period.

This year the new management team under ex-Jaguar executive Mr Bob Berry aims to push sales back to 10,000.

Fuel charge card planned

BY OUR MOTOR INDUSTRY CORRESPONDENT

A FUEL CHARGE CARD is being launched by the Motor Agents' Association, which has 15,000 members, of whom 9,000 sell petrol.

The association has linked with the Bristol-based computer concern, DATEMA, a subsidiary of Axel Johnson, the Swedish conglomerate which operates filling stations in Scandinavia, for the scheme. Barclays Bank is providing the funds.

Two benefits in particular are claimed for the scheme. A low rate of commission will be charged—1 per cent compared with 2 per cent for Barclaycard and 2 to 2.9 per cent for Access—and the card will be restricted to the buying of fuel, and thus less open to abuse than a general credit card.

"The fuel card scheme is designed to give both large and *small businesses a low-cost,* credit method of buying petrol, diesel or lubricants," said the association yesterday.

Companies will be invoiced only once a month and the card fee could be as low as £2.50 a year, depending on the number taken up. An individual card would cost about £6 a year.

The association is working on a project to provide a further card for service and repairs.

Channel 4 broadcasts to start on November 2

By Mark Webster

FOURTH television channel broadcasts will go on the air from November 2, Mr Jeremy Isaacs, the channel's chief executive, announced yesterday. It can be received on nine out of 10 television sets.

Channel 4 will broadcast 60 hours a week and aims to win 10 per cent of the viewing audience with a bold mix of ideas. It will try to cater for interests not served by the existing Independent channel.

One of its more adventurous plans is for a one-hour peak-time news programme which will attempt a more analytical approach. It will be made by Independent Television News.

The Channel 4 television company is a wholly-owned subsidiary of the Independent Broadcasting Authority whose job is to buy and commission—but not to make—television programmes.

It will be financed by subscriptions from the ITV companies, which in return will have the right to sell advertising time on the new channel in their own regions.

Broadcasts can be received by 625-line UHF television sets within reach of a Channel 4 transmitter. Tuning information will shortly be available from the IBA and Channel 4.

Stricter control plan for Isle of Man banks and insurance groups

BY OUR ISLE OF MAN CORRESPONDENT

BANKS and captive insurance companies operating in the Isle of Man are to be subject to stricter controls by the Manx Government.

Dr Edgar Mann, Finance Board chairman, and other board members have been consulting with Bank of England officials. A banking inspector is to be appointed as quickly as possible. Later an inspector will supervise the operations of island-based captive insurance companies.

Guidelines issued by the board after the failure in September 1981 of the International Finance and Trust Corporation, a Douglas-based merchant bank, will be enforced.

Dr Mann is confident the shock of the collapse of the Savings and Investment Bank with a deficiency of £18m would not affect the growth of the finance sector of the Manx economy.

"There has been no loss of confidence in Manx companies, and no huge outflow of investors' funds. We are satisfied that all the other banks operating here are stable, but of course a run on a small bank soon has dire effects," he said.

He said the final blow to Savings and Investment Bank came when adverse publicity caused depositors to withdraw money. There were, however, signs of mismanagement, but that would have to be sorted out by the liquidators, he said.

There was an attempt by the Finance Board to save the bank, but it had to be ended because of the size of the deficiency.

It is intended that a fund should be set up to allow the Manx Government to mount a rescue operation if a bank gets into difficulties. Any scheme put forward by the liquidators seeking government assistance to pay out small depositors in full would be carefully studied by the Finance Board.

Dr Mann believes that the imposition of exchange controls on the Isle of Man by a future British Government would have dire effects on the operations of the finance sector of the Manx economy. His aim is to get the British Government to end its powers to impose exchange controls as far as the island is concerned and is prepared to have the Government set up its own central bank.

Furniture manufacturers' deliveries fall

BY MAURICE SAMUELSON

MANUFACTURERS' deliveries of domestic furniture fell 12.9 per cent in the second quarter of the year, compared to the same period of last year. The figures were only 0.9 per cent below those of the preceding three months, says British Business today.

In June, deliveries by manufacturers employing 35 people or more were provisionally put at £65.2m, against £85.4m in June last year.

These dismal statistics coincide with an acceleration in the number of failures by furniture manufacturers. In the first half of this year, there were 22 per cent more than in the first half of last year.

After a 15 per cent rise in failures in the first quarter, there was an even sharper rise in the second quarter.

In September, Parker Knoll's B. and I. Nathan factory at Worcester will close, with 181 redundancies.

Uneasy calm after the Mersey storm

Ian Hamilton Fazey reports on the Liverpool squabble over who controls what.

CALM HAS apparently been restored to Merseyside politics this week, folowing the intervention of Mr Michael Heseltine, Environment Secretary, to end eight days of public squabbling over failure to solve urban problems.

The official line is that central and local government have sunk their differences and are working together to save Liverpool.

Seasoned practitioners and observers of the region's politics believe that any declaration of unity can only be general and designed to create an image of co-operation in the wake of last year's riots.

At the root of the problem is the two-tier system under which urban conurbations are governed. On Merseyside this consists of a Labour-controlled county council, and five district councils—two Labour, two Conservative and one under minority Liberal leadership.

The county council controls certain strategic services, such as policing, fire control and public transport. Housing and education come under the district councils. All try their hands at industrial development. Some county leaders say that to co-ordinate services properly and solve urban problems they must have greater controls, including over housing and education, as do the shire counties.

Merseyside districts urge the county council's abolition. Popular support for this on the Wirral peninsular across the river from Liverpool has resulted in tens of thousands of people, partitioning for independence from Merseyside.

Things came to a head two weeks ago when county council officers were stoned while trying to deal with two attacks of arson in Toxteth at a block of derelict Liverpool council flats earmarked for private redevelopment by Barrett. Four county council leaders wrote an open letter to Mr Heseltine criticising failure to "link up into a single coherant programme, all the services and resources at society's disposal."

Sir Trevor Jones, Liberal leader of Liverpool City Council, then wrote an open letter of his own to the Environment Secretary attacking the county's letter as "destructive, inaccurate and mischievous." He claimed the county was trying to deflect blame, for its failure to control rising crime.

The letters prompted Mr Heseltine to intervene. He met the principal protagonists for talks which one participant unofficially described as "very hard going". The only thing agreed was to operate more effectively the statutory link between Government, county and district authorities so that they meet regularly for discussions, said the councillor.

Mr Heseltine says the role of the partnership has been changed if not superceded by his frequent presence in the area.

The county, however, regards it as a necessary forum to improve liaison and discuss projects, though no one believes it is going to achieve agreement on overall policy given the disparity of political ideology involved.

Steel union fears move for 'zero' pay rise

By Brian Groom, Labour Staff

BRITISH STEEL is expected by union leaders to offer its 96,000 employees a "zero" pay increase at national level this winter—for the second year.

Like last winter, the corporation seems set to insist that any rises come from self-financing increases in local lump-sum bonuses, in return for job losses and efficiency measures.

The Iron and Steel Trades' Confederation, which claims to represent more than half BSC's workforce, will resist what it suspects in the British Steel strategy.

Mr Bill Sirs, ISTC general secretary, said: "They are trying to get rid of national negotiations. It is part of a campaign to subdue the unions." He claimed that Mr Ian MacGregor, BSC chairman, did not want national unions at all.

The determination of ISTC members to achieve a national rise from the January 1 settlement date is in doubt, however. Almost 170,000 steel jobs have disappeared with little protest and there is no willingness to repeat the 13-week pay strike of 1980.

Attitudes hardening

But Mr Sirs claims he has detected a hardening of attitudes, seen in recent strikes at Ravenscraig, Workington, Corby and Sheffield.

No formal decision on pay has been made in British Steel, but managers are understood to be assessing what further productivity measures can be sought.

A decision to continue with local bonuses is likely, in view of the corporation's attempt to organise itself as a collection of separate businesses.

British Steel will meet representatives of almost all the steel unions next month to negotiate consolidation into basic rates of a percentage of this year's bonuses—the proportion judged to arise from permanent productivity increases.

The corporation wants only a small sum to be consolidated. First-quarter bonuses added an average 4 per cent to earnings. Some plants received 10 per cent and a few as little as 1 to 2 per cent. But a fall in orders and volume production means the level has dipped.

The drop in business is likely to knock British Steel off its productivity targets. Liquid steel tonnes per man-year, which were 141 in 1979 and 177 in 1981, are targeted to reach 225 by March. They had reached 200 before orders fell.

Below target

Manpower reductions are being achieved, but tonnages are below target. Unions will argue in the consolidation talks that they have fulfilled their part by giving up jobs.

The ISTC claims productivity rose by 49.2 per cent in 1981-82, calculating output against the average number of employees over the year.

The union fears an acceleration in redundancies. The workforce is scheduled to fall below 92,000 by March 31, but Mr MacGregor has signalled a possible further 17,000 job cuts within two years.

The corporation's review of plants, prompted by the fall in orders, may hasten that and result in further closures.

● Mr Sirs yesterday threatened to fight "tooth and nail" to save British Steel's Ravenscraig plant, near Glasgow, if the corporation tried to close it.

He was speaking after meeting workers from the plant, where BSC is to take one of the three blastfurnaces out of operation because of a lack of orders, causing 320 redundancies.

Mr Sirs said many of the redundancies would be opposed, and claimed the corporation was planning to use outside contractors on some of the work now done by the 320.

He threatened a battle involving rail workers and miners if BSC closed any major plant as part of a review due to be completed in the autumn.

NHS pay protest wins key support

BY DAVID GOODHART, LABOUR STAFF

THE health service unions today start the fifth and final day of their latest industrial action, after winning influential support yesterday in their propaganda war with the Government.

An editorial in the Lancet—a leading medical journal—called for the resignation of Mr Norman Fowler, Social Services Secretary, and a more flexible line over health service pay.

"Mr Fowler should change his mind on the no more offer stance by at least recommending arbitration with the possibility of a no-strike agreement," it said.

The Journal accused Mr Fowler of playing for newspaper headlines in saying that a patient had died because of industrial action. It went on to criticise him for replacing the chairmen of Regional Health Authorities who had challenged government policy.

Another victory for the health workers came at a Press conference in Glasgow yesterday, organised by the Scottish TUC, when six senior health service professionals — including a kidney transplant surgeon—backed the 12 per cent pay claim.

The six, who claimed to represent a majority in the medical profession, accused the Government of chronically underfunding the health service.

The unions claimed their highest level of action so far, yesterday. The National Union of Public Employees said most major hospitals would remain on accident and emergency-only cover after the five-days of action. "The selective strikes by key workers in linen, sterile supplies and catering will continue," it said.

Mr Colin Barnett, secretary of the North West TUC Health Services Committee, added that there was increasing pressure for a one-day all-out strike, which would include the withdrawal of emergency cover.

"The Government's 10.3 per cent salary increase for the police has angered our members considerably," he said.

In London, health service workers yesterday demonstrated outside Bow Street Police Station in protest at "government hyprocisy" in offering NHS ancillary workers a 6 per cent rise and nurses 7.5 per cent.

The co-ordinating committee of the TUC Health Services Committee is meeting today to discuss whether to bring forward the date of the next full committee meeting—the only body empowered to plan the next steps in the joint pay campaign.

The committee is due to meet on August 26—the day the Royal College of Nursing will announce the results of the ballott of its 185,000 members on the nurses' offer. The ballot is expected to reject the offer.

The Department of Health and Social Security said last night that the number of health districts in England where strikes were having a serious effect had risen from 29 on Wednesday to 42. The number of districts where there was some action also increased from 85 to 99, while the number of districts without action was reported at 38.

The DHSS pinpointed five districts where it said emergency cover was insufficient—Rotherham, Sheffield, Doncaster, Southampton and Liverpool.

The health unions claimed the DHSS's figures demonstrated how deep their action was biting. The union's maintained their claim of 100 per cent accident and emergency only in South Wales, Northern Ireland, Yorkshire, and the Northern Region, and claimed 80 per cent in Scotland.

They admitted there was little activity in the more rural areas of the South West, East Anglia, and North Wales.

In Halifax, a mass picket assembled yesterday outside the town's general hospital after six people appeared in the local magistrates' court. The six had been arrested on the picket line at the hospital. They were charged with obstructing the highway and remanded on bail until September 3.

A major march and demonstration tomorrow in support of Mr Sean Geraghty, the leader of Fleet Street electricians who took supporting action for the health service dispute on Tuesday, is being planned by the health unions.

The march will end at the High Court, London, where Mr Geraghty is due to appear to answer an application from newspapers that he be committed for contempt of court over the industrial action.

Seamen complain over pay and conditions in Falklands

BY BRIAN GROOM, LABOUR STAFF

NEARLY 600 British merchant seamen in the Falklands are complaining to their union headquarters about the way they are being treated by employers and the Government.

Mr Jim Slater, general secretary of the National Union of Seamen, said the men's "war" bonus payments had been withdrawn while the Government expected them to continue working under military alert.

"These lads are being shamefully treated. While the forces are returning to a heroes' welcome, merchant seamen are being kept out in the battle zone indefinitely without the special bonus," he said.

When seamen volunteered to sail as part of the Falklands task force, the Ministry of Defence agreed to underwrite a bonus of 150 per cent of pay rates.

Employers ended that at midnight on July 28, after being told by the Government that hostilities had ceased. The NUS said the men were now on basic rates of £74 a week with no opportunity for overtime.

The union is pressing either for the bonus to be reinstated, or a hardship allowance in its place. This has been refused.

Call on minimum wage

BY OUR LABOUR CORRESPONDENT

THE TUC's main policy resolution on pay in the public sector, which will be debated at next month's Congress in Brighton, is likely to be strengthened by the acceptance of an amendment calling for a national minimum weekly wage of £90.

Congress policy on public sector pay will probably be decided on a motion tabled by the Society of Civil and Public Servants calling for co-ordinated action for the 1982-83 pay round.

However, the SCPS is likely to accept an amendment from the largest civil service union, the Civil and Public Services Association, which contains a claim for a minimum wage of £90 a week for adult workers.

Scotland bus shift dispute

BY OUR LABOUR STAFF

A DISPUTE with engineering workers over new rosters in the Scottish Bus Group threatens to put many of Scotland's buses off the road.

The state-owned company, which operates most buses, wants to change rosters for some of the 600-700 craftsmen in its depots to cut out "excessive" overtime.

Mr Tom Dougan, Scottish regional officer of the Amalgamated Union of Engineering Workers, said the workers agreed in principle but were seeking payments of £10-£15 a week—equivalent to a 5 per cent pay rise—to make up for lost earnings.

Boilermakers issue merger plan

BY OUR LABOUR CORRESPONDENT

PROPOSALS for the projected merger of the General and Municipal Workers Union and the Boilermakers' Society are being circulated by the unions following agreement of their excutives to the schme.

Members of both unions are to be balloted.

Large unions have been courting the boilermakers for some time. The boilermakers decided against merging with the Transport and General Workers Union, mainly because of craft and internal structural differences, and with the Amalgamated Union of Engineering Workers because of the AUEW's difficulties over amalgamation of its four sections.

According to the proposals, the union would be named the General, Municipal, Boilermakers and Allied Trades Union. Eight members of the boilermakers' executive would join the members of the GMWU executive to bring it to 38, and the boilermakers would form a craft section in the union.

The boilermakers would maintain their own executive and officials. They would join the union's main annual conference, and have their own annual industrial conference.

In its proposals, overwhelmingly approved last month by the union's district delegate conference, the boilermakers list as benefits: strike or lock-out payment of £19.50 a week; accident benefit of £8.50 per week for 13 weeks; disablement benefit £1,900; death benefit in work £1,900 or outside work £475.

Mr Alex Scott, the boilermakers' acting general secretary, said the new union, with nearly 1m members, would have assets of almost £25m which would provide financial stability.

BASE LENDING RATES

A.B.N. Bank	11½%	Grindlays Bank	‡11½%
Allied Irish Bank	11½%	■ Guinness Mahon	11½%
Amro Bank	11½%	■ Hambros Bank	11½%
Henry Ansbacher	11½%	Hargrave Secs. Ltd.	11½%
Arbuthnot Latham	11½%	Heritable & Gen. Trust	11½%
Associates Cap. Corp.	12 %	■ Hill Samuel	§11½%
Banco de Bilbao	11½%	C. Hoare & Co.	†11½%
BCCI	11½%	Hongkong & Shanghai	11½%
Bank Hapoalim BM	11½%	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	11½%	Knowsley & Co. Ltd.	12 %
Bank Leumi (UK) plc	11½%	Lloyds Bank	11½%
Bank of Cyprus	11½%	Mallinhall Limited	11½%
Bank Street Sec. Ltd.	13 %	Edward Manson & Co.	13 %
Bank of N.S.W.	11½%	Midland Bank	11½%
Banque Belge Ltd.	11½%	■ Samuel Montagu	11½%
Banque du Rhone	12 %	■ Morgan Grenfell	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Norwich General Trust	11½%
Bremar Holdings Ltd.	12½%	P. S. Refson & Co.	11½%
Brit. Bank of Mid. East	11½%	Roxburghe Guarantee	12 %
■ Brown Shipley	11½%	Slavenburg's Bank	11½%
Canada Perm't Trust	12 %	Standard Chartered	‖11½%
Castle Court Trust Ltd.	12 %	Trade Dev. Bank	11½%
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	11½%
Cayzer Ltd.	11½%	TCB	11½%
Cedar Holdings	12 %	United Bank of Kuwait	11½%
■ Charterhouse Japhet	11½%	Volkskas Intl. Ltd.	11½%
Choulartons	12½%	Whiteaway Laidlaw	12 %
Citibank Savings	¶12 %	Williams & Glyn's	11½%
Clydesdale Bank	11½%	Wintrust Secs. Ltd.	11½%
C. E. Coates	12½%	Yorkshire Bank	11½%
Comm. Bk. of N. East	11½%		
Consolidated Credits	11½%		
Co-operative Bank	*11½%		
Corinthian Secs.	11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
Eagil Trust	11½%		
E.T. Trust	11½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.5%, 1 month 8.75%. Short term £8,000/12 month 11.1%.
† 7-day deposits on sums of: under £10,000 8½%, £10,000 up to £50,000 9¼%, £50,000 and over 10%.
‡ Call deposits £1,000 and over 8½%.
‖ 21-day deposits over £1,000 9½%.
§ Demand deposits 8½%.
¶ Mortgage base rate.

FT COMMERCIAL LAW REPORTS

Church's liability for VAT

PAROCHIAL CHURCH COUNCIL OF ST LUKE v COMMISSIONERS OF CUSTOMS AND EXCISE
Queen's Bench Division: Mr Justice Woolf: July 28 1982

"REPAIR" OF a damaged building does not necessarily mean restoration of efficiency in function but for value added tax purposes is to be given its ordinary meaning and is a question of fact and degree for the tribunal, having regard to the state of the building before and after the damage occurred; and although the tribunal must consider the nature of works to the building as a whole when deciding whether they are zero-rated, it may arrive at a different finding in respect of separately identifiable operations within the whole.

Mr Justice Woolf so held when allowing an appeal by the Parochial Church Council of St Luke, Great Crosby, Liverpool, from the decision of the Manchester Value Added Tax Tribunal that the standard rate of VAT was chargeable on works carried out in the church.

* * *

HIS LORDSHIP said that in June 1972 St Luke's church, which was built in 1853, was badly damaged by fire. It was in good state of repair before the fire, but had serious deficiencies and disadvantages. The chancel and aisles were too narrow, the acoustics were unsatisfactory, the vestries were too small, and there were no lavatories.

After the fire the church council asked its architect to redesign the church for modern needs. What remained of the chancel was demolished and an apse was built in its place. New and larger vestries were built, lavatories were provided, the choir was moved, and a new organ was installed in the gallery, replacing one destroyed by fire which was formerly situated in the chancel.

The roof which had also been destroyed was replaced by one of more modern design. All walls were left standing, and inside the church the pews were substantially undamaged.

The estimate for carrying out the work was just under £122,000. The contractor treated £34,000 of that as representing work which was zero-rated for VAT purposes.

Section 12(2) of the Finance Act 1972 enacted that a supply of goods or services was zero-rated if it was of a description specified in Schedule 4 to the Act. That included, in Item 2 of Group 8, the supply of services in the "construction, alteration or demolition" of a building. Note 2 to that Item provided that it should not include "repair or maintenance" work.

The VAT office in Liverpool conceded that certain items listed by the contractor should be zero-rated including the demolition of the chancel and the building of the apse and vestries. Although the Commissioners, as a matter of concession, were prepared to allow those elements of zero-rating, they took the view that the whole of the work done by the contractor amounted to a work of repair and was thus liable to VAT at the standard rate.

In an appeal by the council to the tribunal the Commissioners conceded that the work involved the "alteration" of a building, but contended that it was not zero-rated because it was "repair or maintenance" within Note 2 to Item 2. The church council argued that the whole of the works were to be treated as zero-rated.

The tribunal directed itself in accordance with passages in the judgment of Mr Justice Windeyer in *W. Thomas and Co Pty Ltd v Federal Commissioners of Taxation [1966] ALR 915.*

At page 920 he said "The relevant question is not whether ... part of the building, looked at by itself, was repaired as distinct from being reconstructed . . . It is whether what was done . . . was a repair of the building." At page 924 he said, "Repair . . . is restoration of efficiency in function rather than exact repetition of form or material ..."

The tribunal rejected the council's argument that the whole of the works were to be zero-rated, and adopted the test of efficiency of function. It dismissed the appeal.

In the present appeal it was argued on behalf of the council that to apply the test so vigorously could lead to strange results. The function of a church might not be materially altered by works but its structure could be changed beyond all recognition.

Such works must be zero-rated. It would be quite contrary to the intention of Parliament if they were not. The issue before Mr Justice Windeyer was different. He was considering whether expenditure was "for repairs not being expenditure of a capital nature." The tribunal should have exercised considerable caution in applying an approach adopted towards one statutory provision to a different statutory provision.

In *ACT Construction v Customs and Excise Commissioners [1982] STC 25*, Lord Justice Brandon in the Court of Appeal said that radical and fundamental alterations to the construction of a building were not capable of coming within "maintenance" in the ordinary and natural meanig of the word.

In the House of Lords Lord Roskill found his reasoning compelling. He declined to define "repair or maintenance," but left the words to be given their ordinary meaning. He said at page 29, "there may be room for dispute which side of the line particular work falls. If so that would be a question of fact of degree for the tribunal to determine."

The issue should accordingly be approached by the tribunal as a matter of fact and degree, giving the ordinary meaning to "repair or maintenance."

The question was whether it was permissible for the VAT office to single out certain items as being zero-rated while regarding the majority of the work as standard rated.

The nature of the whole operation was important because before Item 2 could apply there had to be "construction" of the building. However, if it was possible to identify a separate subsidiary operation, there was no reason why there should not be a different decision in respect of that identifiable part.

*

While regard must primarily be had to the state of affairs existing when the works commenced, it was also necessary to consider the church's condition before the fire, in order to say whether something different was being produced.

That approach was consistent with the intent of the Item and the Note. New works were to be zero-rated, and works designed to preserve or restore were to be standard rated.

Alteration work which would have been zero-rated if carried out before the fire would be zero-rated when carried out after the fire. The fact that some such work would have to be carried out before the building could be used did not mean that it must be regarded as work of repair or maintenance. Also, it was possible to reconstruct a building when incorporating part of an old building, including its walls. The motive for doing the work was irrelevant. The work had to be judged from an objective standpoint.

It was the tribunal's task to decide what works, if any, were entitled to be zero-rated. Its approach in the present case was wrong. The appeal should be allowed and the matter remitted to the tribunal for reconsideration.

For the Church Council: David Milne (Laurence, Graham, Middleton Lewis, agents for Gamon, Arden and Co, Liverpool).

For the commissioners Andrew Collins (G. F. Glook).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

AS GUY HARWOOD was not satisfied with the fitness of Sandhurst Prince yesterday morning, the Sussex Stakes runner-up misses a clash with Chalon in today's Hungerford Stakes at Newbury.

It is a pity because yesterday Esal bookmakers, who sponsor today's main supporting race, the Esal Credit Handicap, only marginally preferred Chalon to Sandhurst Prince.

Now, because of a substandard field, Chalon is likely to start at about 13—8 on.

David O'Brien's Pas de Seul, not seen out since completing a double on the last of his three juvenile appearances, is clearly thought capable of making his presence felt in today's Group Three company.

However it is hard to imagine him ending Chalon's sequence.

The winner of all her six races this year Chalon looked as fresh as ever when idling home from Wink in Goodwood's Oak Tree Stakes last time out.

Of the other nine runners in one of the biggest Hungerford Stakes fields of recent years I have most respect for Mac-Million who ran so well over the course in the spring.

Miss Barbara Waring's charge, the narrowly beaten third behind Cajun and Tender King in the Clerical and Medical Greenham Stakes, has enjoyed a useful break from racing since chasing home Sauvage at Sandown six weeks ago.

Frankie Durr's Steel Pass has shown that a return to his best form of last summer can be expected imminently. I choose him in the Esal Credit Handicap.

The Ravi Tikkoo colt, who failed to make much impact during a brief spell in the U.S. was seen running on in fine style last time out in the July course's six-furlong Lavenham Handicap.

He should be ideally suited to this afternoon's trip, which is a quarter of a mile longer and on a slightly more testing course.

NEWBURY
2.30—Steel Pass***
3.00—Chalon
3.30—Favoridge**
4.30—Work Mate*
5.00—Julia Flyte

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Hong Kong Phooey. 9.30 Jackanory. 9.45 Paddington. 9.50 Why Don't You . . . ? 10.15-10.30 Think! Backwards. 10.55 Cricket: Second Test—The Cornhill Insurance Series, England v Pakistan. 1.05 pm News After Noon. 1.25-1.50 Bod. 2.15 Racing from Newbury. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Jigsaw. 5.10 The Record Breakers with Roy Castle. 5.35 The Perishers.

5.40 News.
6.00 Regional News Magazines.
6.25 The Alley Cat.
6.35 Best of the West.
7.00 One Of Our Spies Is Missing! The first of four films featuring The Men from UNCLE, starring Robert Vaughn and David McCallum.
8.30 Russell Harty at the Seaside.
9.00 News.
9.25 Cagney and Lacey: Film series starring Meg Foster and Tyne Daly.
10.15 West Country Tales (London and South-East only).
10.45 News Headlines.
10.50-12.30 am The Late Film: "12 Angry Men" starring Henry Fonda.

Tonight's Choice

An unbeatable contrast tonight—after 30 minutes of **Russell Harty At The Seaside** (this week it is Scarborough where he should feel immediately at home) you can switch from BBC-1 to its other channel for a Japanese contribution to **Globe Theatre**, the good idea of presenting drama from overseas broadcasting companies. The play is an eastern detective story and is bound to be very different.

It is followed by the penultimate **Turns**, Jimmy Perry's nostalgic look at the variety acts of the 1930s and 40s. Tonight we glimpse Al Bowlly and Tommy Handley, among others. More drawing room fame comes with **My Music** on BBC-2 at 8.35, which is the acceptable sound of tweeness.

The final programme in the London Weekend series, **The Great Depression** (ITV 11.30) looks to the future and wonders whether the 1980s could see a rerun of the 1930s. Earlier on the commercial channel there is television in all its sameness and variety—two crime series, one American, **Magnum**, and one British **The Gentle Touch**, interspersed with a comedy sitcom, **Third Time Lucky.**

All undemanding, too undemanding, stuff. Earlier at 7 on BBC-1 there is some nostalgia about old TV nonsense; **One Of Our Spies Is Missing** is the first of four films featuring the men *from UNCLE, if you want to remember them.*

ANTONY THORNCROFT

BBC 2

6.40-7.30 am Open University.
10.30-10.55 Play School.
1.35 pm Cricket: Second Test—England v Pakistan.
†6.25 Laurel and Hardy in "Scram."
6.45 Cartoon Two.
6.55 Six Fifty-five Special.
7.30 News Summary.
7.35 Gardeners' World.
8.00 Whatever Happened to Britain?
8.25 Bird Spot.
8.35 My Music.
9.00 Globe Theatre.
10.25 Turns.
10.55 Newsnight.
11.35 Cricket: Second Test highlights.
12.00-12.50 am Open University.

LONDON

9.30 am Wild Boy. 10.15 "Tarzan Goes To India," starring Jock Mahoney. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Someone To Talk To. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 About Britain. 2.00 Not For Women Only. 2.45 Friday Matinee: "Westbound," starring Randolph Scott and Virginia Mayo. 4.15 Dr Snuggles. 4.20 Razzmatazz. 4.45 Freetime Special. 5.15 Film Fun with Derek Griffiths.

5.45 News.
6.00 Thames Weekend News.
6.15 Police 5 with Shaw Taylor.
6.30 Mixed Blessings.
7.00 Winner Takes All with Jimmy Tarbuck.
7.30 Magnum, starring Tom Selleck.
8.30 Third Time Lucky, starring Derek Nimmo and Nerys Hughes.
9.00 The Gentle Touch, starring Jill Gascoigne.
10.00 News.
10.30 On the Line.
11.30 The Great Depression: Could It Happen Again?
†12.30 am Rawhide, starring Clint Eastwood.
1.30 Close: Sit Up and Listen with Sian Phillips.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am European Folk Tales. 9.50 Snooker '82. 10.30 Johnny's Animal Operas. 10.55 Portrait of a Village. 11.20 The History Makers. 11.50 Captain Nemo. 12.30 pm A Better Read. 1.20 Anglia News. †2.45 Friday Film Matinee: "Life In Emergency Ward 10," starring Michael Craig. 6.00 About Anglia. 9.00 On the Line. 10.30 Friday Late Film: "The Devil At 4 O'clock," starring Spencer Tracy and Frank Sinatra. 1.00 am Christian Troubadours.

CENTRAL

9.55 am The Wild, Wild World of Animals. 10.20 Gardening Time. 10.45 Zoom the Dolphin. 11.10 History of the Grand Prix. 11.35 Contrasts. 12.30 pm A Better Read. 1.20 Central News. †2.45 Summer Afternoon Comedy. "The Love Match," starring Arthur Askey and Thora Hird. 6.00 Central News. 7.30 Trapper John, MD. 9.00 On the Line. 10.30 Soap. 11.00 Central News. 11.05 The Police Story Movie: "A Chance To Live."

GRANADA

9.30 am Struggle Beneath the Sea. 9.50 Stingray. 10.15 Last of the Wild. 10.35 The Beachcombers. 11.00 Sesame Street. 12.30 pm A Better Read. 1.20 Granada Reports. 1.30 Exchange Flags. Promenades. †2.45 Friday Matinee: "It's That Man Again," starring Tommy Handley and Jack Train. 6.00 Jangles. 6.30 Granada Reports News. 6.35 Great Escapes. 9.00 On the Line. 10.30 Benson. 11.00 One to One. 11.30 The Savage West: "Buck And The Preacher," starring Sidney Poitier and Harry Belafonte.

HTV

9.55 am Early Morning Picture Show. 10.20 History of the Motor Car. 10.45 The Flintstones. 11.10 The Flying Kiwi. 1.35 Nature of Things. 12.30 pm A Better Read. 1.20 HTV News. †2.45 Friday Film Matinee: "Take My Life," starring Hugh Williams, Greta Gynt, Marius Goring and Francis L. Sullivan. 4.15 Warner Brothers Cartoon. 6.00 HTV News. 6.30 Let's Go. 7.30 Magnum. 9.00 On the Line. 10.28 HTV News. 10.30 Private Benjamin. 11.00 Friday Night Thriller: "The Fear Is Spreading."

HTV Cymru/Wales—As HTV West except 10.20-11.10 am Palmerstown. 12.00-12.10 pm Beth Am Stori? 4.15-4.45 Y Gwynt Ar Draws Y Llyn. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 The Muppet Show.

SCOTTISH

10.00 am Spread Your Wings. 10.25 Nova. 11.10 The Adventures of Black Beauty. 11.30 Johnny's Animal Operas. 12.30 pm A Better Read. 1.20 Scottish News. 2.45 Friday Matinee: "The Mouse That Roared." 5.15 Private Benjamin. 6.00 Scotland Today. 6.30 Sports Extra. 6.45 Hear, Here. 7.30 The Fall Guy. 9.00 On the Line. 10.30 Late Call. 10.35 Tales of Horror and Suspense: "Dracula AD 1972."

TSW

9.25 am Sesame Street. 10.25 Comic Stories and European Folk Tales. 10.40 Clapperboard. 11.05 Stingray. 11.30 Fanglace. 11.55 Look and See. 12.27 pm Gus Honeybun's Magic Birthdays. 12.30 A Better Read. 1.20 TSW News Headlines. †2.45 Feature Film: "Take My Life." 6.00 Today South-West. 6.30 What's Ahead. 7.30 Hart to Hart. 9.00 On the Line. 10.32 TSW Late News. 10.35 Continental Cinema: "No Problem." 12.20 am Postscript. 12.25 South-West Weather.

TVS

9.30 am 3-2-1 Contact. 10.00 The Amazing Years of Cinema. 10.25 European Folk Tales. 10.40 Clapperboard. 11.05 Johnny's Animal Operas. 11.30 Falcon Island. 12.30 pm A Better Read. 1.20 TVS News. †2.45 Friday Matinee: "Checkpoint," starring Anthony Steel and Stanley Baker. 9.00 Coast To Coast. 6.30 Friday Sportshow. 7.30 Streets of San Francisco. 10.30 On the Line. 11.30 Down Under: "Demolition" (TV movie). 1.10 am Company.

YORKSHIRE

9.30 am Sesame Street. 10.30 Sport Billy. 10.50 The Music of Man. 11.45 Between the Tides. 12.30 pm A Better Read. 1.20 Calendar News. †2.45 "The Naked Truth," starring Peter Sellers. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 7.30 The Streets of San Francisco. 9.00 The Gentle Touch. 10.30 One the Line. 11.30 Speedway. 12.15 am Superstar Profile.

RADIO

RADIO 1

(S) Stereo broadcast (when broadcast on VHF)

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Dave Lee Travis. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Don Durbridge (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Friday Night Is Music Night from the De Meerpaal Theatre, Dronten, Holland. 8.50-9.10 Interval. 9.55 Sports Desk. 10.00 The Grumbleweeds (S). 10.30 Alistair Cooke: Highlights of the series "The Tunes and the Times." 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Night Owls (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Frank Bridge (S). 10.00 Mahler: Symphony No. 1 (S). 10.55 Franz Schubert Quartet (S). 11.45 Krosta Trio (S). 12.20 pm Midday Concert, part 1: Bloch (S). 1.00 News. 1.05 Midday Concert, part 2: Tchaikovsky (S). 1.45 Music for Two Violins (S). 2.20 Haydn Piano Sonatas (S). 3.10 Strauss: Ein Heldenleben (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Another World (S). 7.00 Mozart chamber music (S). 7.30 Proms from the Royal Albert Hall, part 1: Ravel (S). 7.55 A Closer Look at George Herbert. 8.15 Proms, part 2: Messiaen (S). 9.45 The Son (short story). 10.10 Songs by Britten, Purcell and Tippett (S). 11.00 Benno Moiseiwitsch. 11.15-11.18 News.

Meduim Wave as VHF above except: 10.56 am-6.30 pm Cricket: Second Test, England v Pakistan from Lord's.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 The Midnight Fox by Betsy Byars (final episode). 8.57 Weather; travel; continental travel. 9.00 News. 9.05 Desert Island Discs (S). 9.45 James Cameron recalls some memorable faces and situations. Albert Schweitzer. 10.00 News. 10.02 Groundswell. 10.30 Daily Service. 10.45 On Holiday. 11.00 News. 11.03 The Seaside in Summer. 11.48 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (C). 12.55 Weather; travel; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Strange People and Experiences. 4.10 Cinema Up To Now. 4.40 Story Time. 5.00 PM. News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News and Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 International Assignment. 8.30 You the Jury (S). 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Three Plus One (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Off the Shelf. 11.45 Friday Jazz. 12.00 News.

THE PROPERTY MARKET BY MICHAEL CASSELL

Bumpy ride ahead

THE RIDE on the UK property share switchback (a mediocre experience when set against the thrills and spills now being offered by the Hang Seng model in Hong Kong) could still hold a few nasty surprises, but this week brought a useful reminder that those who hold tight or jump on could end up enjoying themselves.

The recent *sharp decline* in the sector's relative performance, reflecting the growing imbalance between demand and supply, stagnating rentals and arguable values, has recovered some ground on the back of still falling interest rates and a run of good company results. MEPC's return from the wilderness has also helped.

It would be foolish to suggest that the worst is necessarily *over but there at least are* grounds for believing that some of the sentiment which has been noticeably lacking for much of the year is beginning to return and that institutional investors have resumed the purchase of quality property stocks.

The view in *some quarters* is that the sector will now remain fairly firm and that gains will be the order of the day next year and in 1984 as the lettings market revives and rents once again begin to show real improvement.

Before then, however, anything may happen. This week's latest property review from *Vickers da Costa, the City* stockbrokers, reckons that nearly all the factors which determine the property share sector's relative strength remain stubbornly negative to neutral.

Analyst Gordon Ireland believes that, for the remainder of this year, space availability may well continue to rise, with stagnating or falling rent levels continuing to put pressure on *existing prime yields.* Some fringe location, he says, begin to look increasingly exposed and the autumn could prove to be the testing time.

With the worldwide recession definitely weakening the international property market, particularly in North America, the sector may, Ireland adds, have to suffer an increasing flow of adverse developments in the immediate future.

The prospect has been at least partially recognised by the current, historically high discount to asset values (which in some cases have been well up to expectations). Shares are beginning to look historically cheap, especially as many *companies have been strong* fund raisers over the last couple of years, leaving them *with healthy cash balances* and profit and loss accounts.

But according to Ireland: "This position will not necessarily protect the sector from further falls when, as in usual at the bottom of a cycle, *questions begin to be raised* as to the credibility of property values and the longer-term growth prospects.

"However, for those who are brave enough to recognise any end-bear market panic for what it is and who can convince themselves that a world economic recovery has merely been put back a year, the next few months could provide some outstanding buying opportunities."

Vickers da Costa sticks to its earlier suggestion that portfolios should continue to be weighted away from central *London and in favour of shares* offering high exposure to industrial and regional property.

The brokers, along with a growing band of supporters, seem to feel that the bottom of the trough in the industrial *sector at least* is now being reached, with the level of inquiries for space — not yet translated *into deals — on* the upturn.

Optimism, it seems, will prove every bit as useful as bravado in the testing months ahead.

● Pitman Publishing has sold its freehold interest in 39 Parker Street, Holborn, to Gramcoil Properties for a price close to the asking figure of £2.5m. There is planning permission for extensive refurbishment to provide 27,000 sq ft of offices. Knight Frank & Rutley and Farebrother acted for Pitman.

● Land Securities has sold a freehold shop and office building in Birmingham city centre for over £430,000. Guildhall Buildings near New Street Station comprises 14 shops *and 17,500 sq ft of offices.* Stemford, a local private investment company, is the purchaser. Land Securities were advised by Edwards Gigwood and Bewlay.

About-turn angers the Prudential

THE MEN *from the* Pru rarely leap into funding higher-risk, experimental, inner-city development schemes, so they take a poor view when a previously supportive local authority changes its mind at the last minute and vetoes just such a *proposal.*

In this case, the guilty party — *according to* Prudential Assurance—is Southwark Council in South London which has performed an agile *about-turn* in withdrawing support for a project which appears to be motivated at least as much by social as by financial considera*tions.*

The Prudential is set to spend £4.5m on the first phase of what it describes as London's first "technopark," to be situ*ated on a derelict two-acre site* at the Elephant and Castle. The centre is designed to act as an *incubator for fledgling, high*-technology businesses which would be able to draw on all the skills, advice and equipment distributed around it in the shape of the Polytechnic of the South Bank.

Southwark supported the concept but while the *Prudential* went off to the Greater London Council and the Department of the Environment to win approval for necessary rezoning of the land in question, the council changed its political complexion and its mind.

The Prudential is characteristically diplomatic but privately infuriated and intends to lodge an appeal while discussing the matter with Southwark planning committee.

According to Michael Mallinson of the Prudential: "The *project is simply not* recognisable as a standard, safe commercial proposition but we regard it as an extension of our commitment to help the inner *cities. A blend of* multi-storey industrial units, uncertain covenants, high management content, and, *for good measure*, the involvement of academics, is not calculated to bring developers running but we believe this plan would work.

"We are not into yields on this one and have no real idea of likely rents. We will be much more concerned with fostering good ideas than securing good *covenants.*"

The group's property men have put seven months of groundwork into preparing the scheme and, even if they even*tually win the day*, their story will do little to encourage others to follow them down the *path which the politicians wish* them to take. Mr Mallinson intones: "we could well be discouraged from doing this sort of thing again."

For its part, Southwark is understood to have no reservations about the concept behind *such a scheme but believes the* site in question—which it owns and which has been empty since the last war—should someday be used, at least in part, for housing.

Taywood in U.S. sale

Taylor Woodrow Property's U.S. subsidiary has raised \$3.5m with the sale of its Northlake Exchange office development in Atlanta, Georgia.

The building, which was sold to the Georgia Student Finance Commission, was started in September 1981 as *a speculative scheme on a 3.2* acre site. It was leased during construction to the Commission and two other tenants. Total cost of con*struction* was \$2.5m.

● New Court Property Fund, the N. M. Rothschild property unit trust, has sold its very long leasehold interest in 122 New Bond Street, *London W1*, for over £1m. The Fund held a lease *from* the City of London Corporation with an unexpired term of 1,940 years *at a fixed* ground rent of £792 per year. The five-storey shop property is let to Cecil Gee on a rack *rent. Since its pur*chase by the Fund in 1977, the building has provided a total annual return of about 17.5 per cent.

● *Hunting* Gate Developments have completed the purchase of 150-152 Brompton Road SW3 and of 21, 23 and 25 Cheval Place SW7 from Airways Pension Fund Trustees. The group have applied for permission to develop 10,500 sq ft of offices. In a separate block, there will be four luxury homes and one *shop* built. Jones Lang Wootton and John D. Wood acted for the Fund.

Germans consider UK investment

MULLER INTERNATIONAL, one of the largest West German estate agents, have established a London invest*ment department* to locate institutional-standard UK properties for German investors.

The agents have been operating in London for six years, *channelling* funds from and through the UK into the West German property investment and development market. Now they intend to establish a two-way business.

Geoffrey Mitchell, who has joined Mullers from the overseas department of *Cluttons*, says there is now rising West German interest in the UK property investment market.

"One of Germany's best-*known and biggest institutions* has decided to build up a UK portfolio and our first instruction is to acquire a prime commercial building with a price tag of £15m. We will also be looking on behalf of several other substantial investors."

Mitchell says that many potential investors in Germany are not put off by low yields *in the UK, preferring to con*centrate on the potential for capital growth and the opportunity which Britain provides for them to diversify into what remains one of Europe's more stable markets *for* property. The institutions in Germany, he adds, are increasingly turning their attention away from the east of the continent and concentrating more on investment opportunities throughout the remainder of Europe.

The Muller team has also been expanded with the addition *of Zak Gertler from Jones Lang* Wootton and the new department will also be attempting to secure domestic investment business. It was the prospect *for domestic investment* business which lay behind the decision to establish the new department in London but the international element has, so *far, made most of the running.*

Until now, Muller's presence in London has assumed the shape of Ronald Frank, a chartered surveyor who has always managed to work either for British estate agents in Europe or for a European agent in the UK.

According to Frank, the London operation—having just taken over the West End offices of Balenciaga—will continue to seek investment funds interest in West Germany, as well as its range of valuation *and management services. News* of Muller's decision is hardly likely to presage a flood of Deutschmarks into the UK property investment market at a time when domestic investors are blowing hot and cold. There could, however, be one or two *interesting deals on the way.*

● Redlake Securities has applied for permission to develop a 25,000 sq ft office building in Homer Road, *Solihull*, on a site which it owns and which is thought to be *the only one left in the town* centre not owned by the local authority.

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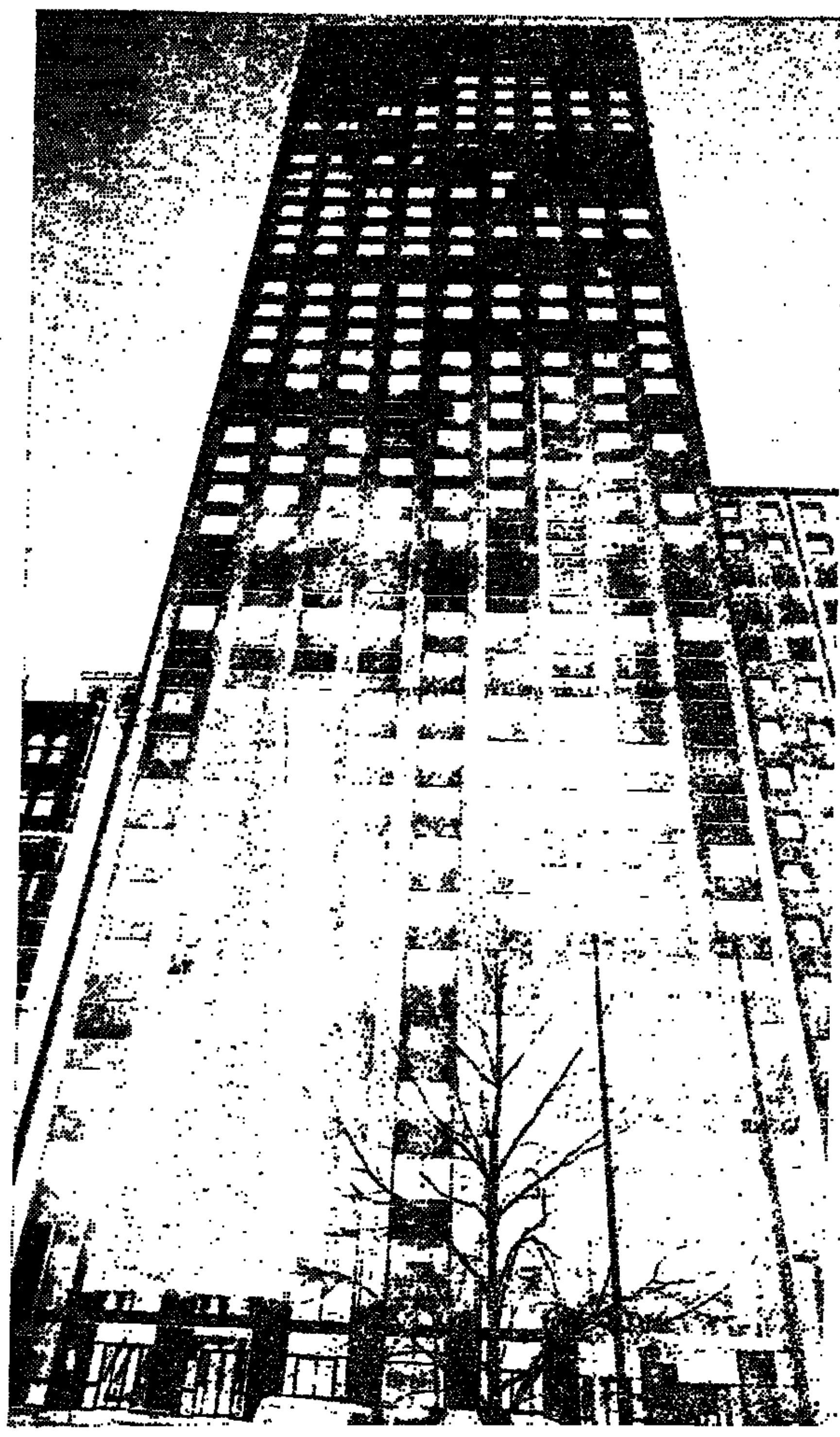

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why Nixdorf believes it can tackle the giants

High technology private companies are rare in West Germany. In the first of two articles **Stewart Fleming** looks at a notable exception

"WE intend to cover every branch of the office of the future; *facsimile transmission*, private telephone exchanges, word and data *processing*. But we are going to do it steadily."

This is the bold assertion of Heinz Nixdorf, the founder and, with his family, majority shareholder of one of the most remarkable companies produced by the flowering of individual entrepreneurial talent during West Germany's post-war economic miracle.

Nixdorf has built up from scratch a company with sales of DM2bn (£475m) a year which is estimated to control *about a fifth of the market for* small and medium sized computer systems in West Germany, 7 per cent of the same market in the six leading European economies and now operates in 31 countries around the world.

The goal which Heinz Nixdorf is now setting himself will bring Nixdorf Computer into *head on competition with the* most powerful electronics and telecommunications concerns in the world. These include International Business Machines, American Telephone and Telegraph and Xerox in the U.S., *Siemens of West Germany* and Japanese companies such as *Nippon Electric and Fujitsu.* And some of these companies are today making as much profit each year as Nixdorf makes sales.

Flexibility

It would be a bold man, however, who would predict that *Nixdorf might fail in its ambitions* to compete worldwide in the markets now opening up at the point where computer and telecommunications technologies converge.

Nixdorf Computer has shown that family firms, in their flexibility and their ability to take *risks and make decisive shifts* of policy, can have advantages *over larger, more bureaucratic operations*—even those which are both technologically and financially better endowed.

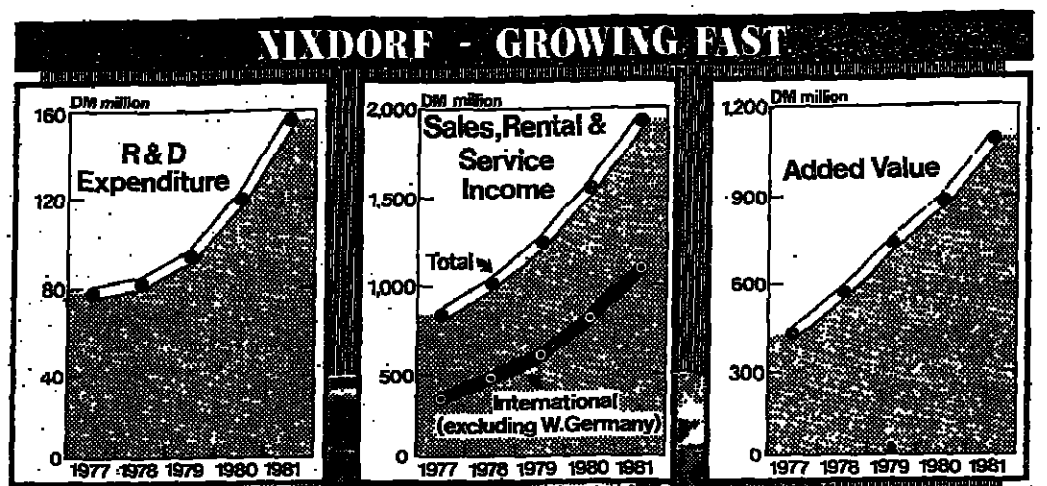
It is almost cruel for example to contrast Nixdorf's success with the fumbling efforts which Germany's electrical giant Siemens has made to compete in the data processing market, and both companies, in their own way, *are aware of the contrast.*

For the first decade or so of its life the company which Heinz Nixdorf founded in 1952 *was merely a supplier of electronic* calculating equipment to *then better known giants of the* accounting machines industry. According to Klaus Luft, the 40-year-old deputy chief executive who joined the company in 1967, Nixdorf Computer was initially a research and development and equipment manufacturing concern. The R and D was inspired by Heinz Nixdorf himself who quit Frankfurt *University, where he was studying* applied physics, in order to try *and interest somebody in* the electronically-based calculating machine he had developed.

At that stage the leading accounting machine manufacturers were still wedded to the electro-mechanical accounting machinery, the old comptometer and punch card computer equipment. But Nixdorf was *able to show* that his electronic based machines would allow new functions to be added more easily to the existing equipment. He became an important supplier to the French company Bull.

In the 1950s he also secured a contract from Wanderer *Werke, then, with Kienzle,* a German market leader for *accounting machinery. This contract* later proved to be vital for the fledgling concern when, in 1962, General Electric of the U.S. took control of Bull and began to supply more of Bull's requirements from the United States.

The eventual loss of the Bull contract together with the character of Heinz Nixdorf *himself, have been decisive influences* in the evolution of the comercial strategy of the company. In particular has been the emphasis put on making it independent from single large suppliers or customers. By 1965 Nixdorf had moved from being a supplier of equipment to *other accounting machine manufacturers*, mainly Wanderer Werke, and had started to compete with them by marketing its own range of equipment under its own name. As Heinz Nixdorf tells the story, before long the Wanderer Werke salesmen were "telling the company's managers-shareholders that Nixdorf's products were better and encouraging them to *sell out to Nixdorf.*" And in 1967 this is what happened.



NIXDORF'S 8864 TERMINAL SYSTEM IN THE PRIVATBANKEN COPENHAGEN

Chris Walker

For Nixdorf itself, the Wanderer Werke deal gave the company a customer base, manufacturing facilities and a sales and service workforce. It thus provided the entrepreneur Heinz Nixdorf with both the ability to develop his company without being dependent on *other companies, and the opportunity* to test his own theories about the dynamics of the rapidly growing computer market. In the German and European setting those theories have proved to be correct as the growth of Nixdorf's sales from DM105m in 1968 to DM2bn to*day shows. Heinz Nixdorf* claims: "We invented distributed data processing."

At that time—the late 1960s and early 1970s—the big computer manufacturers such as IBM were still encouraging their customers to respond to the increased power which ad*vances in electronics technology* were bringing to computers by installing ever bigger central processing units. The idea was that, say, the branches of banks could themselves get access to computer enhanced productivity through a head office decision to instal ever more powerful computers in central locations.

Although Nixdorf himself based his initial success on technological innovation, it was the commercial innovation he added to the technological base which was decisive in lifting the company into world markets.

Fertile

Nixdorf took the view that instead of using the advances being made in microelectronics to make big computers even bigger and more powerful, and thus enhance companies cen*tralising bureaucratic tenden*cies, it would be more profitable and practical to use the declining costs of computer hardware to bring computing power to the desks of clerks in banks or managers in factories—in other words to distribute data processing power. Nixdorf says *that he was making speeches* along these lines as early as 1964.

In Germany and a number of other countries this formula found a fertile proving ground. West German industry in par*ticular is very decentralised.* There are thousands of small *businesses for example which* wanted access to computer *power but could not afford, or* make use of, the big powerful central processing units which in the late 1960s and early 1970s were the main products on offer from the big computer companies. Inteco, the London based computer consultancy, illustrating how the strength of *small business in Germany in*itally helped Nixdorf, points out that around 60 per cent of establishments with 20 employees or more in West Gearmany are single unit enterprises, mainly family owned firms. In the UK, which has roughly the same number of establishments *(165,000), only 30 per cent are* single unit enterprises.

In the early 1970s Nixdorf was also helped by the fact that *IBM was not strongly positioned* in the market for computer equipment in the $15,000 to $500,000 range — which was Nixdorf's speciality. So Nixdorf did not find itself in head on competition with the American giant. The fact that Nixdorf was selling computer systems *and service and maintenance* back up, and thereby helping its customers learn how to use the equipment, was clearly an important element in the success of its strategy.

Nixdorf says that of the company's 15,000 worldwide workforce some 10,000 are operating in the sales and service side of the business and only 5,000 in manufacturing. According to Nixdorf this is exactly the opposite of other small business systems suppliers, such as *Digital* Equipment. Nixdorf says that half its income comes *from ser*vice and rental fees and half from sales of products.

As early as 1970 Nixdorf *Computer had demonstrated* the potential of its market on an *international* scale with the sale of 1,000 machines to the Skandinaviska Enskilda Bank, the largest Swedish bank. Today Nixdorf has spread from its German base throughout Europe and into the U.S. Inteco *suggests that in the market for* small computer systems and software with a sales value generally of $15,000 to $500,000. Nixdorf has a market share of around 21 per cent in Germany and around 7 per cent of the market comprising the six major European economies; it is in *third place behind IBM (27 per* cent), and Honeywell Bull (8 *per cent) and ahead of* Olivetti, Philips and Burroughs.

Nixdorf's position in the U.S. however is far weaker. Indeed, the Diebold Management Report hinted in December that there are signs that the company has yet to find the right mix of products and business strategies *to tackle the U.S. market.*

Its initial thrust there came *in the 1960s as a supplier to the* Victor Comptometer company. In 1969, it followed a similar pattern to the one it had followed in West Germany by buying out its customer, although in the case of Victor, not the whole company — merely the electronic computer interests to *which it was a supplier* — and began to market under its own name.

The management changes and switches in policy which have followed in the U.S. suggest that the formula which worked in Europe has not proved such a success across the Atlantic.

Last year Nixdorf dropped one of the elements of its Euro*pean strategy from* its U.S. business and began to pull out of the market to supply small companies. It had found that the "full service" approach to business systems for smaller U.S. companies was just not likely to be profitable in the U.S. Independent distribution and software consultancy companies, not to mention a much more competitive market for computer hardware (which includes the growing band of personal computer companies) give the computer market a much more complicated profile.

Instead in the *U.S. it seems* to be planning to focus much more on larger *companies*, particularly in the financial *sector, especially banks.*

It is the banking market which *has been the mainstay* of much of its growth in Europe in the 1970s and early 1980s. Nixdorf claims to be the market leader in this field, supplying not only terminals, but also manufacturing such equipment as automatic bank tellers at its factory in Paderborn.

It admits quite openly that around DM 600m of its sales *revenues*, about one third of the total, is derived from the banking sector, a sector which is entering a phase of rapid expansion in the area of electronic banking equipment.

With this strong base; built up partly as a result of accidents of history but now as a *conscious marketing strategy*, Nixdorf is also planning to try to push into other financial sectors such as insurance, according to *Arno Bohn* who is responsible for European business. The company can see opportunities for geographical expansion; it recently received a large order from Midland Bank in the UK, where it has not been particu*larly strong in the past.*

Justify

Nixdorf has decided not to challenge the personal computer companies too *vigorously* and has not produced a personal *computer itself at a competitive* price. It takes the view that, *as in the* U.S., so in Europe, the eventual personal computer market will not be profitable enough to justify Nixdorf's extensive sales and maintenance (both software and hardware) support services.

What it has done *instead*—the sort of daring strategic *decision* which Nixdorf seems to revel in—is to go into head on competition with IBM. By selling a "plug compatible" medium sized computer (that is a computer which can fit into IBM's software systems) in cooperation with the Israeli computer company, Elbit, Nixdorf hopes to eat into IBM's customer base.

This is not a novel strategy in the computer industry. On the contrary, in the U.S. as well as in Europe, companies such as *Amdahl were growing like mush*rooms selling "plug compatible" *machines*—until, that is IBM flexed its muscles. With the *4300 series* introduced in 1979 IBM cut prices, changed the structure of its software and hammered the plug compatible manufacturers. This experience has inevitably led to the criticism that this time Nixdorf is biting off more than it can chew, and that the ambitious Heinz Nixdorf is now riding for a fall.

Arguably, the company has little choice but to meet the IBM challenge in the small *business systems* head on. If it had not been ready to offer its customers a more powerful computer it was destined to lose market share to IBM.

The efforts Nixdorf is putting into its battle for market share in the plug compatible field are considerable. For two years it had a *200-man workforce* in *Munich preparing for the launch of its compatible systems divi*sion. Moreover, it also went out in 1980 and bought a *specialist* computer software company in the United States.

According to Bohn the company's approach to the plug compatible market—which is apparently similar to that of Siemens—is to use its software expertise to design a product which is compatible with IBM systems at the applications soft*ware level.* Nixdorf hopes that this will not leave IBM with the *opportunity* of competing by simply altering the structure of its microcode and operating software. The company says that so far around 160 systems with plug compatible machines have been ordered in the two years since the product was launched. This is probably *fewer than the company hoped*, but is certainly not a poor show.

The decision to go into the *plug compatible market* and to put high priority on building up a basic research capacity in the computer software market reflects not just the need to be able to serve big customers with data processing equipment. It also reflects the bolder plans which Nixdorf has for the future.

TECHNOLOGY

EDITED BY ALAN CANE

Europe's biggest carbon fibre factory destined for Scotland

Inverness could be marketing catalyst

BY GEOFFREY CHARLISH

RK TEXTILES, one of the four *main contenders in the UK* carbon fibre market, plans to open what will be Europe's biggest production unit by the end of the year, at a cost of about £2m.

The plant, near Inverness, will employ 100 people and will have an initial capacity of 100 *tonnes rising to 200* tonnes annually as further development takes place.

In recent years the U.S. and Japan have led in carbon fibre production and application. RK Carbon Fibres believes that the new plant "will add a significant dimension to the world scene in *materials engineering.*

Few would disagree that this material has had a chequered history. The fact that the fibres could be made with a strength some 50 times greater than that of steel was discovered early in this century and in *1960* the aircraft industry began to look *at it because of its high* strength to weight ratio.

But the manufacturing process is energy intensive and the product expensive to make in small amounts.

As with most new materials, *potential users are more than* interested in any special properties, but are generally rather less interested in paying the price.

So the familiar new materials situation has prevailed: large volume users would emerge if the material was cheaper and *the price would reduce only if* the volume was higher.

Back in April, stockbrokers Laing and Cruikshank issued a report which suggested that carbon fibre was about to go up a new, steeper growth curve.

In the decade since 1972, following the Courtaulds/Rolls-*Royce "act of faith" in making* and using the material, fibre sales have climbed to £25m world wide and are expected to reach £100m to £150m by 1985.

The report continues: "We believe *the time* has been reached when this innovation *is passing out of its evolution*ary growth into its major five and ten year commercial growth period—a point, when maximum profits are earned.

The fibre is manufactured by high temperature treatment of *a plastics material called poly*acrylonitrile. The RK plant will produce continuous filament material using processes that result from recent advances made by the company in the design of oxidation ovens, low and high temperature carbonising ovens, *surface treatment and resin* sizing systems.

Initially there will be two high strength grades, RK35 and RK30, and they will be treated to promote adhesion to the polymer matrices (body materials).

To give improved handling *characteristics and abrasion* resistance they are sized with resins which are fully compatible with epoxy, unsaturated polyesters and a range of other polymers.

The company believes that the new plant will become a catalyst for a marketing opera*tion by RK, in the UK* and elsewhere, in which the RK Group will be the prime mover in turnkey developments involving plant construction, installation, commissioning, management and staff training. The *company* says that there are "already indications of a strong world-wide demand."

According to the Laing and Cruikshank report, a breakthrough in the vehicle construction industry is in process. Feasibility studies predict, it says, that the cost-*effective use of carbon fibres* can be achieved at a price of about £10/kg leading to hybrid carbon/glass fibre products at £2/kg and finished components at £3/kg.

Already Chrysler, for example, has demonstrated the use of carbon fibre reinforced plastics *(CFRP) in a drive shaft, rear* leaf spring, door hinges and even valve push rods.

In the UK, Rubery Owen can make a multilayer carbon/glass composite single leaf spring that weighs about a third of the steel equivalent.

An improved fatigue life, *high corrosion resistance* and less noise are claimed.

At Courtaulds, currently the main UK carbon fibre supplier, the research division has built prototypes of a turbocharger compressor rotor and gear selector fork. In Germany, Bosch is in production with distributor components made from nylon with 40 per cent carbon fibre reinforcement.

In the U.S., complete engine blocks have been made by Polimotor Research using poly*imides and epoxies reinforced with glass* and carbon *fibres.* Only the really high temperature items are metal—exhaust valves, valve springs, cylinder liners and items like crankshafts and camshafts. The engine weighs 170 lb, its conventional equivalent some *370* lb.

Much depends upon price. In *1977*, a Ford team built a car with as much carbon fibre in it as possible and produced a final weight saving of 33 per cent (including the "knock-on" effects of having smaller engine and so on), but it turned out to be several times more expensive than the equivalent steel pro*duct.*

Prices of the material are not freely quoted by the makers; Courtaulds simply says that the price of its Grafil product "is firmly linked to volume."

The ADKO drill sharpener.

Three years development

AFTER three years of design and development the ADKO Machine Company of Warwick has come up with this drill sharpener which, it claims, is ideal for an unskilled operator. The machine weighs 10.5kg, is 310mm high and has a 170 x 240mm base.

Symmetrical points are produced with quick and single setting. The system limits the range to a standard point angle of *118* degrees, thus enabling *the operator* to preset adjustment and so have drills loaded and ready *for grinding* within seconds.

The machine will sharpen drills between 3 and 30 mm; *it is available as a complete* unit—including grinding wheels —with a 12V lamp, *transformer* and diamond dressing fixture.

It should cost about £278 plus VAT. More from Keith Statham on *0926 497350.*

Generators

Diesels

ERA TECHNOLOGY of Leatherhead has begun an investigation into the problems of integrating the fluctuating output of wind turbine generators into small diesel based power systems.

Ultimate users of such a system would be in isolated areas where electricity has *to* be produced by diesel generator sets *at a cost of up to 80p/kW.*

Just how much wind power can be *added* is determined mainly by the voltage and frequency stability limits of the system which, because of the fluctuating output of wind power generation, is difficult to define.

So the main objective will be to determine the maximum proportion of system load that can be attributed to wind power without creating unacceptable *frequency or voltage variations.*

Although the project is under way, *it is still* open to further sponsors and details can be ob*tained from Dr K. S. Leung* on 0372 374151.

Satellite pictures may help identify the tanker culprits

Putting the finger on the ocean polluters

BY THOMAS LAND

SCIENTISTS at a British university have developed a space-age method for the identification of vessels polluting the seas. Their colleagues at several institutions in Baltic Europe are collaborating on an alternative scheme for the "fingerprinting" of offending tanker captains by tagging their cargo residues and bilge sludge with a combination of metal alloy particles.

Pollution control has emerged as a vigorously pursued interna*tional big business after the* acquisition of vast marine zones *by more than* 100 coastal states for their exclusive economic exploitation.

The scheme developed at Lancaster University uses infra-red pictures obtained from space satellites to identify oil slicks at sea. The Baltic experiments involve the identification of polluters through a virtually infinite variety of microscopic alloy particles which tanker captains would be obliged to mix with their cargoes. A related scheme is being developed in North America.

Ballast

The bulk of oil pollution affecting the seas does not originate from spectacular disasters such as the Amoco Cadiz spill, in which the polluter is in any case easily identified. *It is caused by the discharge* of oily water from the bilges or cargo and ballast *tanks.*

Tens of thousands of such spills—some deliberate, some accidental—account for millions of tonnes annually. And the ships that cause the damage usually escape detection.

But not for long. The trend of the future is being written into a series of treaties, conventions and accords promoted by the United Nations Environment Programme binding or soon to bind more than 100 countries to protect their common marine resources from many man-made hazards including oil pollution.

The countries involved in the UN's regional sea programme are the very coastal states *which have recently declared* exclusive economic rights over *marine areas stretching up to* 200 nautical miles from their shores.

The resources thus acquired include most of the world's best fishing grounds yielding an annual landed value of more than $3bn. Many of their new owners are also prepared to deploy their navies to protect them from each other as well as the marine polluters.

Hence the sudden surge of interest by governments in the development of technologies for the control of marine pollution and the identification of offenders.

Oil slicks on water can raise the temperature in the affected area by 1°C which can be detected by a sensitive heat measuring device on board orbiting satellites. The Lancaster University scheme involves the scanning of satellite pictures showing tempera*ture differentials in different* colours and identifying, measuring and *following* the movement of slicks at sea.

Analysis

The Baltic scheme, which has brought together many research institutions in Denmark, both Germanies, Finland, Poland, Sweden and the Soviet Union, has been tried already in a promising limited experiment.

It is based on a central databank identifying oil tankers by the distinct alloy particles present in their cargoes; a simple analysis of a sample taken from an oil slick could thus lead to the conviction of the offending captain.

A related scheme developed in the U.S. would involve the tagging of oil cargoes with metal particles that have distinct magnetic properties.

All such schemes would work *in two days*: the risk of being identified would discourage *deliberate discharge* of oily water while the polluters who *are identified* would bear the financial burden of their action. This could be a persuasive deterrent, for the cost of cleaning up the pollution is far greater than the expense of preventing it.

Thomas Land is an author and foreign correspondent who writes on global affairs.

Infrared beams

Polarised light technique

INFRARED BEAMS are frequently used to detect the presence of objects on a conveyor, based simply on interruption of the beam, but problems can arise if the passing object is just as reflective as the surface that normally reflects the beam when no object is present.

In its *WL33* series of detectors, the Erwin Sick company has used *polarised light* techniques. The outgoing beam passes through a *vertical* polarising filter and if no shiny can, for example, is present it strikes a prismatic reflector on the far side of the conveyor *belt where its plane* of polarisation is turned through 90 deg *to become horizontal.* The returning beam passes through a horizontal *polarising* filter with no trouble.

But if a shiny *object is inter*posed the beam is still returned through to the receiving filter but, being vertically polarised (and unaffected by the shiny object), cannot pass through.

The WL33 has an 8m operating range and the beam is "chopped" in the usual way *to prevent* interference from other light sources.

This atmosphere sensing pilot burner is now offered as a single item or as a subassembly with the pilot mounted on a bracket containing an ignition electrode and facilities to fit a Junkers thermocouple. The unit comes from George Bray, Education Road, Leeds (0532 435399).

هكذا من الأصل

THE ARTS

Cinema

Nigel Andrews

The British disease ... ignoring the film industry

It has long been Britain's policy if it espies any area of cinematic health and liveliness flourishing on its sceptered isle, to swat it immediately. Punishing taxes, misbegotten quota-systems, lunatic union restrictive practices, and now—the latest myxomatosis-ridden rabbit pulled from the bureaucratic hat—the withdrawal of the GLC's grant to the London Film Festival. Is there a cure for a country with hereditary and chronic cinephobia?

The LFF will not collapse in a heap, or course—even at the delinquently short three-month notice of the cutback—since the grant was but a minority portion of its budget. But it's the thinking and the principle that flabbergast. While cinema-going totters in the UK after the worst half-year in memory, the London Festival is probably the most radiant exception to the rule of moviegoing apathy anywhere in Britain. It boasts high attendances, good administration and more international movies packed into a fortnight than you could shake a British film director at.

The subsidy withdrawal is symptomatic of a time-honoured ailment in this country, one that is sometimes referred to as the absence of a "British film culture." Ponderous and forbidding phrase: but it is a curious truth that, honourable plaudits aside for Hitchcock and Michael Powell, 1930s documentary and Ealing Comedy, and sundry other movements and movie-makers, the British have never triumphed or seemed afire with the Seventh Art.

My own conjectural explanation is that we have never recovered from our glory as a literary nation. Films will forever, for most of the British, be novels and plays and stories that have somehow, uninvitedly and rather vulgarly, been turned into pictures.

It is no surprise that television in the UK has a stronger following and tradition proportionately to the cinema than in any other country in the world. Born of the word (viz. sound radio) rather than of the image (as cinema was born of photography), television has a healthy cultural pedigree and offers dramatic and aesthetic experiences altogether less fanciful, polychrome and oneiric than the movies.

There is precious little curiosity in England about the picture-as-meaning rather than the word-as-meaning. We have a spectacularly poor tradition in painting (the fingers of one hand will almost suffice to count our geniuses: Turner, Blake, Gainsborough, Constable . . .). And we are by contrast so spoiled with literary genius (the fingers of 20 hands will not suffice) that words are meat, drink, sleep, and exercise for us.

Some writers on film in this country have tried to gee the British up by close visual analysis and textual interpretation of "popular" movies, especially those of bygone Hollywood. Unfortunately these critics, ranged under the banners of Semiology and Structuralism, are almost totally incomprehensible to everyone but each other. What *does* survive their battlefield of jargon and new-minted polysyllables—just—is the valuable suggestion that some scorned popular directors might not be so contemptible as we suppose.

Because we British, suckled on literature, are myopic to the brilliant pictures beneath the banal or batty dialogue, we neglect or dismiss a director like Douglas Sirk, whose 1950s weepie *All That Heaven Allows*, shown on TV last week, is a superb little symphony of subtle image- and colour-play:

> 'The latest rabbit pulled from the bureaucratic hat . . . the withdrawal of the GLC's grant to the London Film Festival.'

a whole undertow of drama and meaning under the spoken exchanges.

So whither "British film culture"? Not, one hopes, into the dread surrender of TV or home-video: although, not surprisingly in the light of what I've outlined above, Britain is taking to cassette-viewing more eagerly than almost any other country in the world.

Video can be a valuable take-away simulacrum of real cinema for study or reference or relaxation—just as reproductions of paintings have their academic or pleasurable uses. But at present seeing a film on video is not by *any* serious standards an equal or equivalent to seeing it in the cinema. Colour, definition and framing are all distorted or devalued, and sole reliance on video if you are a cinephile would be the equivalent, if you were an art student, of basing your knowledge of the "Mona Lisa" solely on a postcard reproduction with cropped sides and fuzzy colours.

So to return to our beginnings, the cry is not so much "A plague upon the GLC" as "Our grateful thanks to Mr Livingstone *et al* for giving us another awful warning of the cine-philistinism that threatens ever to engulf Britain."

There is only one way to conserve moviegoing in this country. And that is for everyone to start appreciating the cinema as an art in its own right. Not as an enlargement of television or a pictorialisation of literature. Not merely to listen to the dialogue, not merely to use the pictures as stepping-stones through the plot, not merely to ogle your favourite stars.

But to *watch* the images: the colours, the compositions, the lighting, the telling background details. The cure for "British film culture" and the British film industry alike is to stop worrying about funds and taxes and levies and subsidies and start to love film and newly understand what is special about it.

*

No finer place to begin than the ICA this week, which parades two glorious films by the Russian director Sergei Paradjanov. Hauled off to a labour-camp eight years ago by the USSR powers, no doubt for daring to make original movies (though the offical charges were homosexuality, illegal currency dealings and "incitement to suicide"), Mr P has been lost to silence ever since, apart from stray uncertain rumours of his fortunes. (Now he's free, now he's not; now he's making films again, now he's not). *Shadows of Our ??????? Ancestors* (1964) and *The Colour of Pomegranates* (1969) are all we have as testimonies to skills. But they're enough to skywrite his genius on a higher sphere than any of his Russian contemporaries save Tarkovsky.

The first film sets a dancing camera around a tale of village life and love, marriage and murder. The plot is a preposterous hot-pot of hairy melodrama and mystic folklore, cooked to a turn. But Paradjanov gives it the racy lightness and poetic vertigo of a dream. The rushing camera is caressed by the whirring-past leaves of a forest: it plummets vertically, at frightening speed, with a falling tree; it is washed by a red curtain of bloof when murder is done.

In *The Colour of Pomegranates* the hallucinating intensity is the same, the manner of its expression entirely different. Iconic, immobile, the gorgeous tableaux step past us like pages from an illuminated manuscript. The life of "Sayat Nova," an Armenian poet-musician of the 18th century, is picked out in jewel-like pictures of rich fantasy, a sea of books with pages fluttering, an arrow drawing a stream of blood as it strikes a church wall, stately visions of the hero's beloved twined in clothes of Fellini-an fantastication, a flock of white sheep engulfing a cathedral nave, the dazzling heraldic colours of cloths drawn from dyeing vats.

Though there is symbolism at work, it is never a clanking portentous equivalence of "This Equals That"; but a series of shafts and frissons of meaning born on the gusts of a great film-maker's imagination. Paradjanov's films are showing at the ICA until September.

Spartak Bagashvili and Tatiana Bestaeva in the ICA Russian film season

Mark Rylance as Ariel

The Tempest/Stratford-upon-Avon

Michael Coveney

There is a pleasing emblematic flair about the RSC's new production, directed by Ron Daniels and designed by Maria Bjornson. In the opening storm scene, a boat's prow pushes out towards the audience while the beleagured crew do valiant battle with the sound effects. A large black sail billows in the wind. Prospero's island is then revealed as a broken ship of state, with a severely crushed foredeck, leaning mast with crow's nest, and tattered sails.

This is a strong visual conception that underlines the political upheavals back home in Milan and establishes Prospero as an exiled magician rather than an eccentric conjurer. The masques and apparitions are produced from behind the ship's defunct main sail; Caliban enters from below deck through a trapdoor; and Ariel and his fellow sprites nip speedily about the boat like willing, versatile cabin boys.

Within this framework, the production is busy and inventive. Ariel (Mark Rylance) first appears with five replicas of himself in bodystockings and punkish wigs. These attendant spirits are well used throughout as goddesses, swains, scene shifters and vocal background.

Taking a cue from an extract of Frances Yates printed in the programme, there recur throughout the actions images of Cabalistic magic, tokens of Prospero's dabbling in occult philosophy. The banquet mirage, for instance, is contained in a huge glass box shaped like a Star of David, set in a structure of what look like little astrolabes.

This hardware is introduced by Mr Rylance decked out as a glittering harpy. That costume is recalled in the main masque interlude when Iris, Ceres and June arrive to sing their speeches of rustic and social harmony in a delightful mini-opera that combines pastiche elements of Purcell and Mandel. The music is by Stephen Oliver (who provided a very different but equally memorable sea score for this same play in the early days of The Other Place). He has written some ingenious settings for Mr Rylance, who sounds almost like a counter-tenor: "Where the bee sucks" has a sinuous melody accompanied by solo bassoon.

At this point, a canopy of golden foliage invades the stage and Prospero stands quietly on the sidelines to inspect the pleasure he has perpetrated for both the young lovers and the audience. It is a wonderful scene, the high point of the evening. Elsewhere, Derek Jacobi's Prospero, skilfully and beautifully spoken, is interestingly less benevolent than is usual. Throughout the performance there is a sense that this youngish image resorts to his peculiar art only when realising the shortcomings of his humane instincts.

His relationship with Ariel is one of unreciprocated friendship—the spirit flies to freedom without waiting to say goodbye, a cause of some distress to Mr Jacobi. Less clear is his attitude towards Bob Peck's strangely Rastafarian Caliban, who shakes his dread locks at all and sundry from an awkward crouching position. The comedy of Trincule and Stephane is a little over-projected at the moment by Alun Armstrong and Christopher Benjamin, but Mr Armstrong is hilariously sensitive to foul smells. Most of the usurping lords are drably characterised. But this is an enterprising shot at what is, after all, one of the most difficult and fascinating plays in the canon.

The Makropulos Case/Coliseum

Max Loppert

Josephine Barstow first played Janacek's 339-year-old Elina Makropulos/Emilia Marty in the old English National production, a decade ago. Later on came—first to Cardiff, later to London and Glasgow—the Welsh National Scottish Opera joint production by David Pountney, with heroines of diverse fascination by Elisabeth Söderström, Evelyn Lear, and Catherine Wilson at various stages in its existence. Now Mr Pountney, as the ENO's Director of Productions, has borrowed the show for the Coliseum and the company's leading singing-actress takes the centre of the stage once again.

Tuesday's opening was just about the most convincing reading, in total, of the opera that I have seen, and Miss Barstow's for all the numerous merits of those other portrayals (and that of the still unforgotten Marie Collier)—the most roundly accomplished account of the heroin. The part is a gift, but a treacherous one, to an intelligent and attractive leading lady: there are teeth and claws in its vocal line, and, at the end of an evening short but disproportionately taxing, there is a sudden *irresistible (but sometimes* sadly unanswered) call for heroic singing on a grand scale. Physical charms, a mercurial temperament, and the ability to pounce with deadly acuracy on the enlivening detail of the characterisation are all only the beginning.

Miss Barstow commands as much of Emilia Elena as one could reasonably hope and, beyond that, the electricity without which other virtues remain mere pieties. The impression of an opulent yet tainted physical existence with which Collier used to overwhelm all who saw her is less powerful rendered here; the vision is one of elegant leanness out of which a bone-deep weariness is sharply allowed to protrude. I have never before so unquestioningly believed in the coldness that overtakes her, the *tedium vitae* that conquers her (and that paradoxically supplies the opera with its life-enhancing warmth).

Again and again — triumphantly at the end of the second act, with an irradiating eloquence at the close — Miss Barstow cuts through the exotica of the conception to present us, in expertly argued form, with its beautiful and deeply humane core of sense and meaning. Voice, in strong form (more consistently audible than Söderström's *usually manages to be), and* body work in unison to proclaim yet again the marvellous special perceptiveness of this artist. Only cloudy diction could be accounted a persistent fault — and the English language version of Janacek's vocal angularities, in a large theatre, surely provides its own extenuating circumstances.

For me this is easily the strongest issue of the Pountney Janacek cycle thus far, the one least (but best) exaggerated in demeanour, the one most sympathetic to the producer's spotlightings and dramatic pointings—and, spread out on a large stage, Maria Bjornson's sets stand up brilliantly to the enlarged range of scrutiny (a quibble still about that un-hotel-like third act). Every company rises to *The Makropulos Case;* it was intensely gratifying, all the same, to watch Geoffrey Chard's Prus, Kenneth Woollam's Gregor, Stuart Kale's Hauk, in fact almost every role down to the perfectly judged cameos of Adrian Martin, Shelagh Squires, and William Shimell—to watch them and to sense a company in its best working.

The conductor, Mark Elder, took all of the first act to marry orchestral sound to stage action with an unfailing awareness of their unique interreactions. Thereafter, the nuggets of *sound began to open* out, to disclose their matchless lyrical messages. Is this Janacek's masterpiece? I'm still not sure; but the ENO production offers a powerful temptation to answer in the affirmative.

Orfeo ed Eurydice/Albert Hall

David Murray

As the ticket touts outside the Albert Hall well knew, Wednesday's Prom boasted Dame Janet Baker's final appearance in an operatic role. Or perhaps the situation is not so clear: this Glyndebourne *Orfeo*, transported to London *sans* costumes and sets, could count as a concert performance—and may not Dame Janet choose to do more of those, from time to time? In any case, the audience assumed some sort of valediction, responded warmly, and were rewarded with a performance in Dame Janet's noblest form.

Sir Peter Hall's production was acted out in curious dress: T-shirts, jeans and such for the chorus, statelier garb for the principals to indicate their characters. Dame Janet was discovered in flowing black with pantaloons and high leather boots, which suggested the Thracian shepherd rather less than the odd reader may generously suppose. Amor was got up as an androgynous tight-rope-walker (charmingly and freshly sung by Elizabeth Gale). The Furies, writhing in practice-clothes, took one back nostalgically to the Aldwych of the '60s. And yet the sense of the *action was carried very well:* when Orfeo cradled the dead Eurydice in his arms for "Che faro" — sung magnificently straight over a robust accompaniment, suggesting clear-eyed grief beyond tears—doubt about how it looked simply didn't arise.

The Baker voice was ample for the hall, with expressively lovely timbre and no trace of the slight mannerisms which are sometimes detected in her work, only the inimitable personal style. In duet with Elisabeth Speiser, her Eurydice, she sometimes overbore the much lighter soprano (who was affecting in her own right, pretty and sensitively frail while preserving the essential dignity). "Che fiero momento" had to be handled with a degree of care that somewhat lowered its temperature. All the stages of Orfeo's solo quest, however, were represented at a level of passionate sincerity far above any rhetorical pleading. One will remember with wonder this Orfeo's arrival in Elysium, singing a "Che puro ciel" of marvellous serenity and tenderness.

The version of the opera which Raymond Leppard conducted with the London Philharmonic was primarily that of Berlioz, enriched with extra wind in conformity with what Gluck probably hoped for but failed to secure in productions during his own life. The effect seemed very happy, and Leppard's own endless interpretative touches of phrasing and attack were altogether to the point. There must have been proposals to trim the extended final ballet for this *performance, fearing* anti-climax, luckily no such advice prevailed, for Leppard's skill was nowhere more in evidence than in his bright, engaging treatment of every dance in the sequence. Not much choreography could be lavished upon them here, but Dame Janet and Miss Speiser found themselves leading a cheerful conga shortly before the Glyndebourne Chorus repeated their bubbling "Trionfi Amore."

Goodbye Mr Chips/Chichester

B. A. Young

Put a score of young boys on the stage, make them do the things boys do, like growing up, playing tricks, getting killed in the war, and you will have tears running down every decent cheek. And here they are, recruited from the local schools, dear little souls, with nice clean faces and nice white stoles (in the last scene, anyway, especially so I can use that quotation), and they ought to fill the seats at Chichester Festival Theatre to overflowing for the rest of the season.

They are there for the glorification of Arthur Chipping, known to the world as Mr Chips, who was on the staff of Brookfield from 1870 to 1918, and a kind of honorary member until 1927. The truth is that this is really all that happened to him, except for the walking-tour in Austria that led to his marriage, and its pathetic conclusion when his wife and her new-born son both died on April Fool's Day.

Mr Chips is given a splendid performance by John Mills, who ages consistently from (I suppose) 30 to somewhere in the 80s. He sings his songs tunefully, the words always clear; he even does a solo dance while his colleagues join him in a waltz-time song, "The Miracle," from the side of the stage. Roland Starke, who has based the book on James Hilton's short novel, makes him a terrible goody-goody, who even fails to beat a boy who richly deserves it, when his wife hints that she wouldn't like it. I was longing for at least one stroke, for he was about to beat him with a back-hand action.

The joint directors are Patrick Garland and Christopher Selbie; the designer is Peter Rice. A more difficult task befalls Lindsay Dolan, who stages the musical numbers. Wisely, he refrains from trying to cajole boys into dance-routines. Instead, he pours them on from the humerous entrances available to him and marshals them into military formations.

BBC's 'colossal risk' of live TV drama

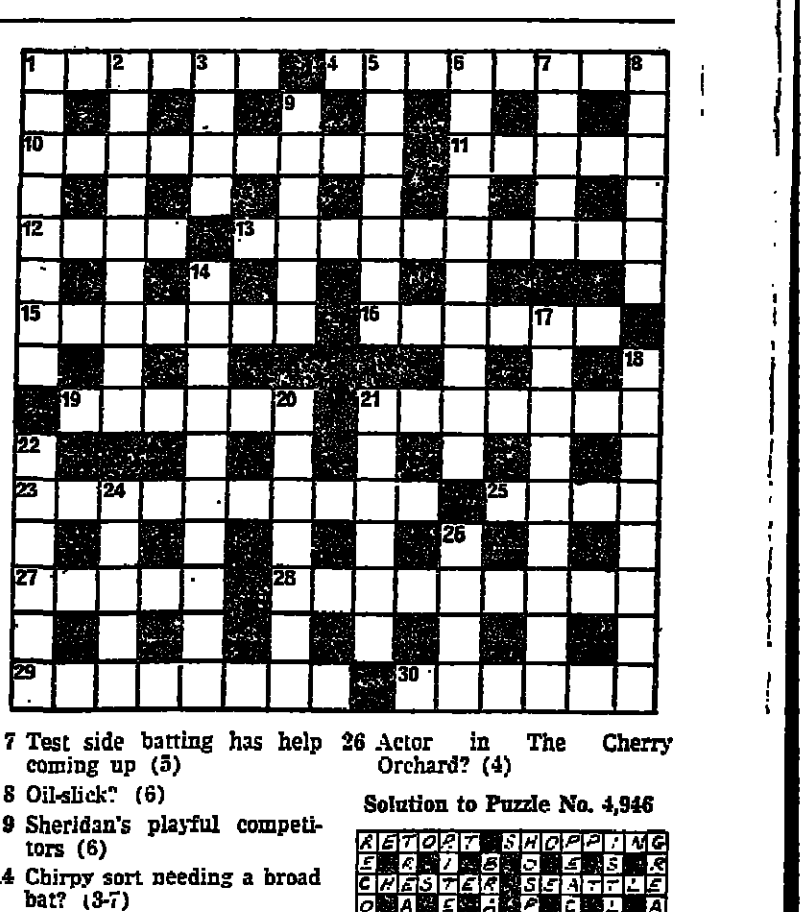
The BBC has admitted it was taking a "colossal risk" by going back to showing live drama on TV. It will screen a series of five hour-long plays live from the Pebble Mill studios in Birmingham on Sunday nights in the new year.

Viewers last saw live plays on TV 20 years ago, with ITV's *Armchair Theatre*. The BBC also showed live productions — but on both channels they were marked by hiccups when actors dried up, scenery and props fell over, or microphones and cameras intruded into the picture.

Executives at Pebble Mill said the new series was a gamble, but say they want to bring back excitement to TV drama. They will also save money — it is estimated that £25,000 in production costs can be cut from a £90,000 programme.

Mr Phil Sidey, head of Pebble Mill, said: "Going back into live drama is taking a colossal risk. There are no points for trying, and the public and Press can be ruthless if something doesn't come off."

F.T. CROSSWORD PUZZLE No. 4,947



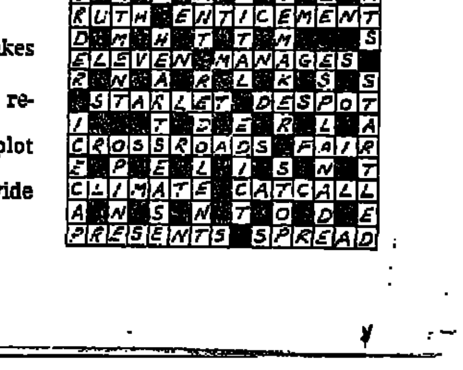
ACROSS

1 "One for sorrow" — peculiar epigram but not right (6)
4 Imagining tinkling sovereign (8)
10 Pole expert taking indoor leg, surprisingly (9)
11 Gnat would look eg pretty stupid reversing (5)
12 Allotment once attached to 2 (4)
13 They always pocket litter (10)
15 Fair ride for Jack Dawkins (7)
16 Origin of M1 accounts? (6)
19 Beacons here among sombre congregations (6)
21 Heavy block holding jewellery site open? (7)
23 Contracting for a number of horses — ten, perhaps (10)
25 What do we hear when boss breaks down? (4)
27 Power-station caper (5)
28 Copy a harp transcription from these old books (9)
29 Rather late in the day for slack-water (8)
30 Safe and dry on the river in Yorkshire (6)

DOWN

1 Big-footed bird lets out clutch on a hill (8)
2 Old means of sending up the government? (9)
3 No. 2 perhaps in the Gironde (4)
5 A. N. shore resort? (7)
6 Identify Wedgwood products — *attach these?* (4-6)
7 Test side batting has help coming up (5)
8 Oil-slick? (6)
9 Sheridan's playful competitors (6)
14 Chirpy sort needing a broad bat? (3-7)
17 No set piece (9)
18 Attractive riding-habit takes years (8)
20 eg Scrooge, dragging in retirement, loses head (7)
21 More advanced rose in plot (6)
22 Specimen square wide enough (6)
24 Foreign-rated traffic (5)
26 Actor in The Cherry Orchard? (4)

Solution to Puzzle No. 4,946



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Friday August 13 1982

France, Israel and terrorism

THE MASSACRE by gunmen of six people in a Jewish restaurant in the heart of Paris last Monday has understandably provoked angry and emotional reactions from the French Jewish community, as from other section of French society. But tragic and reprehensible as the incident undoubtedly was, some of the criticisms levelled at the French Government by the more extreme Jewish organisations and, at the French people in general, by Mr Menahem Begin, the Israeli Prime Minister, have exceeded all reasonable bounds.

To understand the depth of feeling engendered in France by any action which can be even remotely linked to anti-semitic motives, one has only to look at the history of France during the past 100 years or so. Memories of the notorious Dreyfus case are still alive and those of the Vichy regime, under which the French police collaborated with the Germans in rounding up Jews for despatch to concentration camps, are even fresher.

That does not, however, permit Mr Begin to describe the France of today, as he did in the Knesset, as a land of "rampant anti-semitism." History has moved on. Feelings of guilt about their country's behaviour during the Second World War, have helped the French to create an intellectual and psychological rampart against a revival of organised anti-semitism.

Protest

The hundreds of thousands of people who took to the streets in October, 1980, to protest against a bomb explosion in front of a Paris synagogue in one of the biggest demonstrations seen in the French capital in recent years, gave a much truer picture of the climate in France than Mr Begin has done.

In criticising the French Government for its pro-Palestinian policy, Mr Begin has made an even bigger mistake. President Francois Mitterrand, personally, and the French Socialist Party, in general, have always been the staunchest friends of the Jewish people as well as of the state of Israel.

Indeed, at the beginning of this year, M Mitterrand was the first French President to visit Israel since its creation in 1948. He took this step in spite of warnings from the Arab countries that his visit would be considered as a hostile gesture by the Arab world and in spite of France's great reliance on imports of oil from the Arab producer countries.

It is true that France's friendship for Israel is not exclusive and does not go as far as underwriting all Israel's policies. In particular, M Mitterrand has made it perfectly clear that his government supports the right of the Palestinian people to determine their own future and to obtain their own homeland. The French Government has also been sharply critical of Israel for pursuing its military action in Lebanon and has voted in the United Nations for an arms embargo against Israel. This is hardly surprising, given France's historical links with Lebanon, where it was the mandatory power for more than 20 years, and with which it has retained strong linguistic and cultural ties.

Affinity

It is this old affinity with the Levant region which has clearly persuaded France to play such an active role in the peace plan drawn up by Mr Philip Habib, the U.S. special envoy. But the implementation of the plan has now been jeopardised by Mr Begin's opposition to the proposal that French troops should form the vanguard of a multi-national force in Beirut.

The Israeli Prime Minister may have sound practical motives for opposing French participation in the plan, but he should not be allowed to confuse, as he has been doing consistently in public, the issues of anti-semitism and political disagreement. A country, people or government is not anti-semitic merely because it adopts a different standpoint to that of Israel, any more than Britain is anti-Latin when it disagrees with France over a specific issue.

Where the French Government is more open to criticism is on the whole issue of political asylum. In an effort to reverse what were considered by the Socialists to be the harsh law and order policies of previous regimes, the Mitterrand Government may have gone too far along the road to liberalisation.

Progressively, Paris has become the haven of all kinds of international extremist groups, thus multiplying the risk of violence. It is to be hoped that at next week's cabinet meeting, called to discuss the whole problem, steps will be taken to ensure that France does not become, in the words of M Gaston Defferre, the Interior Minister, a permanent "sanctuary or refuge" for terrorists.

More light on moonlighting

IS BRITAIN'S black economy attracting more attention than it really deserves? Perhaps not if one chooses to believe the wilder estimates of its size, which range up to 15 per cent of gross domestic product. And certainly it is understandable that the Public Accounts Committee, in its worthy pursuit of bureaucratic excess and fiscal leakage, should be concerned. The Inland Revenue, itself believes that the black economy accounts for 6 to 8 per cent of GDP which, at the average effective rate of tax, might seem to point to a loss to the exchequer of £4bn.

The figures are as eye-catching as the phrase "black economy" is evocative. But can window cleaners, filles de joie and jobbing builders really account for such a large—and until recently un-noticed—chunk of economic activity? And are these really growth industries?

The short answer to the first question is a definitive no. The black economy, whose size can be measured by the difference between GDP expenditure and GDP income figures, does not consist only of the traditional moonlighting businesses such as transport, catering, construction and odd-jobbing; it also includes undisclosed and underdisclosed profits of businesses, and overstated expenses.

The extent of the failure to come clean with the tax man is astonishingly high. Last year the Inland Revenue conducted a selective examination of taxpayers' accounts under Schedule D and of company accounts similar to Schedule D, and found that the proportion of cases where there was no apparent understatement of income was a mere 13 per cent. This was lower than in the previous year.

The sample was not, of course, representative of the population as a whole since the tax inspectors' attention was directed to cases where there was a prima facie case for investigation. But it remains astonishing that 83 per cent of even a potentially tainted sample of the unjailed population should have failed to come up with excuses sufficiently convincing to keep the tax man off their back.

With such figures flying around there is a natural temptation for those on the right of the political spectrum to argue that high marginal rates of taxation have indeed turned moonlighting into a growth activity.

And yet Sir Lawrence Airey, chairman of the Inland Revenue, told the PAC that there was nothing in the Central Statistical Office's figures to suggest that the black economy had grown over the past 10 years. The implication could simply be that there are some self-employed occupations which always have and always will present "an occasion of sin." Or again that at the bottom end of the income scale effective marginal rates of tax have been and remain exceptionally high and that evasion is simply the poor man's equivalent of the rich man's resort to avoidance.

Demand

At a rather different point in the spectrum come those, including many in the Inland Revenue, who regard the avoiders as pickpockets who raise the tax bill for the rest of us by reducing the tax base. But the reality is more complex.

If the tax man ever caught up with all the economic blackamoors the Chancellor would not be confronted immediately with the cheerful option of whether to reflate or cut the PSBR by £4bn. Some economic activity would be frustrated by the threat of taxation, so reducing demand. Tax dodgers, after all, spend their money on goods and services. These are often indirectly taxed and their sale anyway generates further money income.

It should perhaps be recalled that in this, the worst recession since the 1930s, many of the participants in the black economy are members of the army of official unemployed. Some might argue that an excess of zeal on the part of the Inland Revenue would reduce demand at a singularly inappropriate moment.

Michael Holman reports from Nairobi on the consequences of Kenya's attempted coup

A tarnished reputation, an economy in trouble

ANY visitor on Nairobi's streets this week might have found it hard to grasp that for a few hours on August 1, the fate of one of Africa's most stable states appeared to hang in the balance.

Soon after dawn that Sunday Air Force rebels broadcast the claim that a "National Redemption Council" had ousted the government of President Daniel arap Moi.

By midday the revolt had been put down by loyal army units — but not before looters went on the rampage in the city centre and suburban shopping precincts. By the end of the day Nairobi had been ransacked and bodies of looters caught in the act by patrolling soldiers lay sprawled on the pavements.

Yet within days chaos has been transformed. Most of the 400 or so smashed shop fronts have been reglazed, the piles of glass shards, first carefully swept into neat street-corner piles, have been removed, along with the bodies. The street vendors are back, hawking curios and elephant hair bracelets to tourists.

Foreign exchange dealings, suspended on the first Monday after the revolt, have been resumed. Goods and services remained available throughout the trouble and the industrial areas, where plant and equipment were hardly touched, are working almost as before.

To the casual observer this week Nairobi seemed back to normal, but for a 9 pm to 5 am curfew, military check points on the main roads to the capital and continuing searches in some suburbs and slums by police and army recovering booty and tracking down air force men in hiding.

On the surface there has been a remarkable recovery. But when members of the parliamentary caucus of the ruling Kenya African National Union (Kanu) met this week to review events they will have appreciated that the consequences go far beyond the 145 lives officially lost (most observers double that figure), $120m worth of damage, and an air force which has effectively ceased to exist.

The most severe blow is to Kenya's reputation — and to western perceptions of what has been a favoured state in Africa, hitherto supposed immune to the political vicissitudes of the rest of the continent.

Since independence in 1964, the Government has followed a broadly capitalist, mixed economy policy, providing attractive terms for foreign investment. Its ministries are more open than many African countries to advice from the International Monetary Fund (IMF) and the World Bank.

In strategic terms, Kenya is a valuable western ally, for it allows the United States military access to the Indian Ocean port of Mombasa and two airports, while Britain uses the military facilities and terrain for training up to 700 men at one time.

Yet the disquieting lesson of the coup, despite its failure, may be that even Kenya, while far from the economic straits of Ghana or Liberia is susceptible to the demagogue in the officers mess.

Most observers accept President Moi's version of revolt which he described as "a serious form of hooliganism by misguided youth." Although conspiracy theories abound, there is no firm evidence that the air force plotters had links with the army, with any member of government or prominent critics such as the former vice president, Mr Oginga Odinga. Nor is there evidence that they sought to play on tribal divisions within Kenyan society.

It seems they were motivated —like the students at the university who rallied to their support—and who have since been sent home by their perceptions of corruption, growing poverty and the increasingly authoritarian character of the Government.

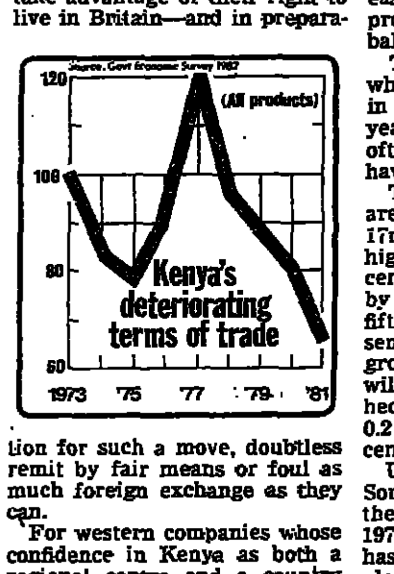
Indeed, these are characteristics of Kenya today. But despite shortcomings of government since independence in 1964, the country has become susceptible to rebellious young officers, largely because of an increasingly depressed economic climate, created by external factors outside President Moi's control.

For four successive years per capita income has declined as Kenya reeled under the impact or rising oil prices and deteriorating international terms of trade. The symptoms include rising unemployment, providing fertile ground for the radical, simplistic nostrums of impatient men with guns.

Inevitably the coup attempt will make the bad economic situation worse.

The most serious impact will be on the country's tourist trade, the second largest foreign exchange earner. The sector's fortunes were already depressed by rising international air fares. "The fighting could knock 10 per cent off the number of visitors we expected this year," estimates one travel agent.

Equally serious, but hard to assess, are the consequences of the way in which Asian shops and homes were singled out by the looters. The 70,000-strong community which controls about 80 per cent of retail business, plays an important entrepreneurial role. Some will take advantage of their right to live in Britain—and in prepara-



tion for such a move, doubtless remit by fair means or foul as much foreign exchange as they can.

For western companies whose confidence in Kenya as both a regional centre and a country in which to invest has been declining, the coup will set the seal on their pessimism.

The short term consequences, however, will be slight. No one is talking of disinvestment. "Even if we thought that a right decision, how do we get our money out?" asked one businessman.

Nor will it affect existing plans. "There has been no substantial foreign investment for at least two or three years," says a company director, "and given prevailing conditions, nothing was in the pipeline."

The truth is that Kenya is a poor country and getting poorer.

The coffee and tea boom of 1976 made late President Jomo Kenyatta's declining years easier, and disguised several problems, including serious balance of payments difficulties.

The strains were re-emerging when President Moi took office in August 1978, and in the four years since external factors and often weak government policies have produced a steady decline.

The facts of economic life are stark. The population of 17m grows at one of the world's highest rates—nearly 4 per cent a year—and will double by the year 2,000. Nearly four-fifths of the country is arid or semi-arid, and land hunger is growing. Good arable land will have fallen from 0.75 hectares per capita in 1965 to 0.2 hectares by the turn of the century.

Unemployment is soaring. Some 250,000 job seekers enter the market each year, and the 1979-83 development plan target has been the creation of 50,000 places in the wage sector each year.

Last year only 18,500 found jobs. "We advertised for two management trainees," said one executive, "and we got over 250 graduates applying."

Despite a bumper maize crop last season, agriculture is in difficulties. Growth has fallen from nearly 6 per cent between 1964 and 1972 to under 2 per cent this past decade.

However, it was not only the coffee and tea boom of the mid-1970s that was deceptive. The country's remarkable post-independence average annual GDP growth of 6.5 per cent a year between 1964 and 1973 was in part due to pursuing what the vice-president and former Minister of Finance, Mr Mwai Kibaki, called "soft options."

White-owned farms were bought and subdivided. "Kenyanisation" soaked up graduates and school leavers, and the civil service mushroomed. Industrial development was predominantly import substitution.

That era is long over. The "hard options" which it is now tackling include increasing agricultural productivity, persuading school leavers to stay on the land, and making industry export-orientated.

Moreover, the decade of growth took place before Kenya was buffeted by those forces which have hit all developing countries — rising fuel costs in particular.

In 1973 net oil imports (Kenya exports the products of its Mombassa refinery to neighbouring countries) consumed 1 per cent of export earnings. Last year it was 36 per cent.

The deterioration of the country's terms of trade is illustrated by the observation in Kenya's 1982 Economic Survey that last year "a unit of exports would buy only two thirds the quantity of imports that it would have commanded in 1972".

Government critics have made much, inevitably in partisan terms, of this grim economic picture.

Earlier this year the former vice-president and unofficial leader of the Luo people, Mr Oginga Odinga, made an outspoken attack on government.

"Mass unemployment, low wages, soaring prices, shortages of food," he said "were caused not by high oil prices or the western recession but by corruption, misuse of our foreign exchange, importation of luxury goods, poor planning . . ."

President Moi's response has been to clamp down on dissent. About a dozen opponents have been detained, Mr Odinga himself has been expelled from Kanu and has had his passport confiscated, the country became a one party state in June (making de jure what had been de facto) and a local newspaper editor who criticised detention without trial was sacked.

For a while it seemed that Mr Moi had reached a rapprochement with the Luos (13 per cent of the population and the third largest group after the dominant Kikuyu—21 per cent—and the Luhya, 14 per cent) by bringing Mr Odinga back into the fold.

However, the former vice-president's combination of tactless comments about the alleged "landgrabbing" of the late President Kenyatta angered senior Kikuyus and put him back in internal exile.

Yet the malaise goes well beyond tribal divisions. Land in particular is a contentious issue and the government's failure to ensure a more equitable allocation is deeply resented by the have-nots.

The land problem is in turn a major factor in unemployment and the drift to the towns. One is as likely to find an angry, unemployed, landless Kikuyu complaining about corruption, hardship and the conspicuous consumption of the elite, as a Luo or a Luhya.

Both domestic critics and donor organisations have pointed to shortcomings in government economic policies. One notable failure is agriculture pricing policy and the inefficient cumbersome state marketing boards. "For the fourth year in succession," notes the economic survey, "prices received by farmers have not managed to keep pace with the rise in prices they paid for agricultural inputs and consumption items."

Yet Kenya is often its sternest critic, and the June budget speech by Mr Arthur Magugu, the Minister of Finance, was an illustration.

State-owned companies were lambasted in terms Mrs Thatcher would have approved. Since independence government investment in parastatals has totalled K£900m (£947m), yet with dividends a mere K£23.5m —"a dismal record," said the Minister. "Consequently Government has decided that it will gradually withdraw from active, direct participation in commercial enterprises."

Whether Kenyan politicians can implement the solutions they propose—with backing from the World Bank—remains to be seen. Their record in the past has been poor.

This said, most observers here believe that the bulk of Kenya's economic difficulties have been outside the Government's control—and it is the economic depression which has created a climate in which air force officers believed they could capitalise on popular grievances.

KENYA'S BALANCE OF PAYMENTS

(K£ million unless indicated otherwise)

	1978	1979	1980	1981
Export (fob)	369.4	385.5	461.0	462.8
Imports (cif)	724.9	684.9	976.8	995.3
Balance of Trade	−355.5	−299.4	−515.8	−532.5
Net services and transfers	71.3	83.0	142.4	198.9
Current account	−284.2	−216.4	−373.4	−333.6
Net inflows of long-term capital	196.9	219.6	257.3	182.0
Basic balance	− 87.3	3.2	−116.1	−151.6
Movements of short-term capital	9.7	67.4	43.9	52.5
Overall balance	− 77.6	70.6	− 72.2	− 99.1

Source: Government Economic Survey 1982

Jubilant army troops raise their guns in victory after crushing the attempted coup.

Men & Matters

Travelling man

One of the most coveted deals to pull off these days in the international first league of capital equipment and finance is the provision of a mass transit system complete with civil engineering, and railway engineering: the whole gift-wrapped in a stylish package of guaranteed finance.

Hong Kong has spent around £2bn on its showpiece mass transit railway corporation system. Now Singapore is limbering up to be the next big buyer of a similarly-priced network.

Which is good news for Anthony R. Allum, a chartered accountant and the former deputy financing director of the Hong Kong system. He is joining the merchant bank, Lazard Brothers as an assistant director specialising in project financing.

Allum is already one of the most experienced men available on large-scale transport project financing. It is clear that the elusive prize of the prospective Singapore contract is going to be in the forefront of his thinking from the moment he starts his new job.

He says "At this stage in the development of Singapore thinking before the tenders are out it is really a question of us trying to offer assistance with the financing."

Allum, and David Gemmill, head of Lazard's international division, believe the bank can offer Singapore an update of the method of financing it invested for the Hong Kong project.

Some £200m of the Hong Kong finance was arranged by Lazard in a novel fashion. With Export Credits Guarantee Department backing cover was given in Hong Kong dollars obviating currency fluctuations risk.

GEC and Metro Cammell are the two British groups most heavily involved in the Hong Kong system. One of them has already nominated Lazard to act for it to secure the Singapore job.

Figures of fun

Could it be that before going on holiday a ministerial head poked round the door of the Central Statistical Office with a few words about encouraging a brighter picture in future? Impossible, you say. Then it must be the warm weather that induced the CSO to preface yesterday's depressing news about industrial production with an unsupported figure for how the underlying trend is supposed to be improving.

The average index for April to June, says the Press release, implies an increase in output of 2½ per cent since the trough of the recession last spring.

Here at the FT the calculator revealed that the all industries' production index on Table 1 only increased by 1½ per cent in that period. And in these straitened times a single percentage point means the difference between gloom and job.

Moreover, Table 3, showing the underlying trend, has no figure because the data is not yet available.

Perfectly true, said a rather embarrassed man at the CSC. However, if you take the trend in Table 1 and apply it to the incomplete Table 3 you get. . .

Our expert suggested "A preliminary estimate base on incomplete data, perhaps. . . ." "Thank you," said the official. "That is what I will tell the next person who asks."

Troubles shared

"My friends will say 'Oh no Mark, not another troubled company' and I'll just smile and say I can't resist."

With these words Mississippi-born Mark Hoffman told me yesterday why he had agreed to become a managing director of the troubled Guinness Peat group—"troubled" is his word.

Sitting alongside chief executive Alastair Morton ("We've been friends for 15 years") Hoffman said he enjoyed going into problem companies and trying to turn them round. He did this in 1975 when he became chief financial officer of George Weston, the Canadian food, fisheries and forest products group.

Before that Hoffman ran the international banking and Euro-dollar business for Hambros Bank, in the early 1970s.

Why then would Guinness Peat be able to tempt him back to the UK, aside from the fact that Hoffman stroked the winning Cambridge boat in 1961 and says he is one of those Americans who likes it over here?

According to Morton, he and Hoffman will be a two-man steering committee: "It's just the two of us and the group. We are going to build Guinness Peat into a financial services group."

Hoffman is leaving a high-powered job at one of Canada's top ten corporations to join Guinness Peat, "I just came because there is work to do here," he says.

Morton assures me that all the skeletons are now out of the Guinness Peat closet, including the £15m write-off stemming from a California tyre importer — Performance Tyre. "We have taken the bath," says Morton, who is busy putting the finishing touches on the sale of the Lewis and Peat commodity business to Lord Kissin and his band of investors.

Oil slickers

Have the oil-rich Norwegians, sometimes called the blue-eyed sheikhs of the north, been hoodwinked, bamboozled, and led up the garden path by city slickers from the world's major oil companies.

That is the question Norwegians are asking themselves following publication this week of a disturbing memorandum by a fellow citizen formerly on the payroll of a U.S. oil company.

Thom Borgen, a lawyer, worked for Phillips Petroleum for several years. After leaving a year ago he was asked to contribute to government-sponsored research into the oil business.

In a powerful paper that has raised a political storm in Oslo, Borgen has given his verdict that state regulation of oil in Norway often does not work at all . . .

A leading conservative MP, Christian Foss, says that if Borgen's allegations are correct, and still hold true, the companies concerned must be blacklisted when new exploration licences are being handed out. He adds, however, that some of the report's information may be out of date—Norwegian ability to supervise oil company activities has improved as the country's own oil companies have gained experience, Foss believes.

An oil industry consultant, interviewed on Norwegian television, said he blames the authorities and not the oil companies for what has happened. "If you lay the table you must expect people to help themselves."

Provocation

When Northern Ireland's first sex shop opened in Belfast this week a 71-year-old gentleman living nearby told reporters "Sex is bad enough as it is without having it encouraged in this way."

Observer

BRITISH SHIPBUILDERS

A lean and hungry look

By Andrew Fisher, Shipping Correspondent

MR ROBERT ATKINSON, the pugnacious 66-year-old former wartime naval commander who heads British Shipbuilders, may be breathing a little easier these days. Even so, he says it is the toughest job he has ever had.

By winning the order to replace the Atlantic Conveyor, sunk by an Exocet missile in the Falklands, the state-owned group has given what its chairman describes as a "tremendous morale booster" to one of its major yards, Swan Hunter on the Tyne.

And by whittling away its losses to the point where break-even and even profitability seem only a couple of years away, BS has both satisfied the Government that it is on the right road and raised its own commercial confidence.

Last year, BS made a trading loss of just under £20m—well within the £25m loss limit set by the Government for the financial year to March 31 1982—which was less than a fifth of the figure two years previously. Its progress was helped by stringent cost-cutting, intensive foreign marketing, and a general upturn in world orders from 1979.

But there is a major caveat: the auditors' report was qualified on grounds of uncertainty over provisions against loss-making contracts and also over BS's ability to meet significant contractual obligations in relation to some of its work in progress.

Right now, new business is increasingly hard to come by. So BS may have some trouble reaching its next goal—keeping 1982-83 losses within a limit of £10m. World shipping markets have slumped as a result of recession and over-ordering in better times.

At the same time, competition from cheaper Far Eastern countries has intensified, with South Korea now undercutting even the Japanese. And there is uncertainty at BS about the size and rate of future naval orders, which make up the bulk of its business.

Thus the Atlantic Conveyor order was seen by the BS chairman as crucial to the company's fortunes. As well as being worth some £40m, it was of a sophisticated type—a large roll-on/roll-off container ship—which BS wanted in order to stake its claim to be in the *front of deep-sea building technology.*

Mr Robert Atkinson, BS chairman, against a picture of Swan Hunter's Tyneside yard

Swan Hunter, moreover, might well have had to lay off a thousand or more men in the autumn without a major new order to keep its steelworkers busy. The issue combined commercial, political and patriotic arguments in a highly emotive way.

It was politics which brought the order to Britain, as Mrs Margaret Thatcher's Conservative Government finally saw that public opinion would be outraged if the order for the new Cunard ship had gone elsewhere, probably to South Korea.

Relaxing its normally rigid financial stance, it agreed to put up some £8m in various subsidies, credits and defence funds, though the exact nature of the deal remains cloudy. BS also came down slightly in price and its sub-contractors shaved their margins.

"We are hungry for orders," said Mr Atkinson at the recent annual Press conference, and he railed at the Far East for "leading European shipbuilding towards extinction."

Cunard executives have not, however, taken too kindly to the public and private pressures exerted by Mr Atkinson to win the deal.

He admits to being a disciplinarian at BS and hard on his colleagues—"I can't put up with any form of evasion or lack of thoroughness. The cold *truth appears in our results.*"

His appointment was for 3½ years from July 1980, but he is still chairman of his previous company, the Aurora steel and engineering concern.

In the Atlantic Conveyor argument, the main fire was directed at Korea, where Hyundai was in the running for the order. Koreans have expanded their yards rapidly in recent years, though they are now holding back on further growth and say they have also suffered from the world order slowdown.

The Korean price of some £30m for the new ship was about the same as BS's material costs alone.

Mr Atkinson argues that Korean prices are unfair. Korea's shipbuilding critics, who now include the Japanese, see their low prices as a result of heavy national backing, including disguised subsidies through cheap raw material costs, aimed at providing foreign exchange inflows to buy essential products such as oil.

However, cheap labour costs in Korea and high productivity in Japan mean that even without subsidies the Far Eastern yards almost certainly have a significant price edge. European yards will have to struggle hard to offset this advantage by concentrating increasingly on sophisticated, high value-added vessels. Furness Withy, the UK group owned by Hong Kong's *C. Y. Tung Group, recently* decided to build a new container ship in Korea for £20m instead of at BS for some £27m.

Mr Atkinson feels that much of BS's improvements in output and methods could be nullified by the huge price gap with the Far East.

"What we need are orders at a decent margin," he said recently. "No amount of productivity, efficiency, energy and dedication can bridge the gap with a country which produces only at the material cost."

The difficulty, he claimed, had been caused by Japan's "irresponsible" expansion. "They have caused this problem—overcapacity, low freight rates, lay-ups." With new orders scarce and owners wanting present ones delayed, he said one big Japanese yard had even quoted an immediate price of only $15.75m (£9m) to build a medium-sized cargo ship against some £18m from an efficient BS yard.

"We are being asked to adjust our industry to pay for their sins. Their pupils, the South Koreans, are now catching up with them." Such polemic, unlaced with diplomacy, is part of Mr Atkinson's style. "We must seek efficiency or die," he adds.

Since BS was nationalised in 1977, it has cut the number of merchant yards from 27 to 15, its merchant berths from 66 to 28, and its marine enginebuilding companies from five to two. The workforce has come down from 87,500 to 66,300 people.

The BS axe is now being wielded on the loss-making shiprepair side, where another 1,500 workers are due to go, mostly on the Tyne, though several hundred of these could stay if the group wins a major U.S. ship conversion order.

So far, industrial action over the steep drop in jobs and capacity has been small, apart from costly disruption last year after the shutdown of the Robb Caledon merchant yard in Scotland.

In the life of the present Government, it has had some £600m in loans and grants: £418m in public dividend capital (including an extra £107m last year), £125m in intervention fund money to balance costs with low Far Eastern prices (this is being gradually cut and totalled *£45m* last year), and £51m in special redundancy payments.

For BS, heavily dependent on naval orders as well as merchant business, UK defence policies are crucial. Last year's defence review was ill received by the corporation, since the heralded shift away from surface vessels put several thousand jobs at risk.

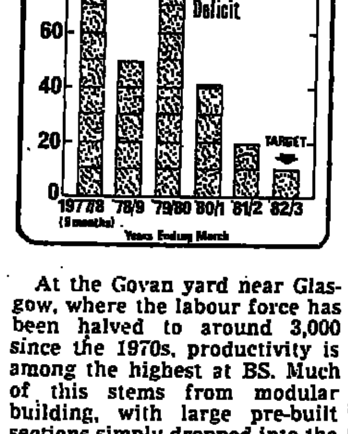
Now, Mr Atkinson is waiting for the Government to place firm orders for the four warships destroyed in the Falklands fighting, as well as for *a conventional submarine and* frigate of new design.

Its current warship order book totals around £1½bn. BS has been pushing for the Ministry of Defence and the Navy to be more flexible and less demanding in its vessel needs to make room for export sales. While this has not happened, the group has at least won £200m of export orders from a variety of (unspecified) foreign navies in the past six months.

As for merchant shipping, the order book now stands at about £750m. *Up to early this year,* BS had won a string of foreign orders from owners in Greece, Hong Kong, Norway and elsewhere. A major Brazilian order is also pending. But world demand is now slipping. To stay competitive, BS will spend around £30m on bringing advanced computer methods to its design, production, and engineering.

In Mr Atkinson's view, BS is now among the most efficient shipbuilding organisations in Europe. Its productivity on the merchant side has risen 15 per cent in the past two years and it has been successful in winning foreign business.

Measuring performance between different European yards is difficult. But companies which BS aims to emulate include Finland's Wartsila which earlier this year won P&O Cruises' £80m order for a new luxury passenger ship. Swan Hunter was in the early running, but was unable to meet price and delivery specifications.



At the Govan yard near Glasgow, where the labour force has been halved to around 3,000 since the 1970s, productivity is among the highest at BS. Much of this stems from modular building, with large pre-built sections simply dropped into the hull.

BS wants to make more use of this at other yards. But, says Mr Eric Mackie, the bluff silver-haired Ulsterman who runs Govan—no longer saddled with the extreme left-wing image of the Red Clyde—continued efficiency requires a steady flow of orders to keep men, motivated, and world trade and currency movements *all play a part.*

Govan has a healthy £125m worth of orders which will last the yard into 1984. But will enough new orders flow in to keep it active beyond that? "Productivity doesn't just rest with what these guys do out here," he says, pointing through his office window.

Lombard

Don't shoot the messenger

By Peter Riddell

THE row over the meeting between the Confederation of British Industry and the Labour Party is not just a silly season story, though it has the main August ingredient of overblown outrage. The story matters because it shows how a necessary debate about the state of the economy has become dangerously entwined with questions of party political loyalty.

There are several charges:

First, according to several Tory MPs and the Institute of Directors, that the CBI was, at best, naive and, at worst, disloyal to business interests by lending credibility to Labour's proposals through agreeing to *meet Mr Peter Shore, the* Shadow Chancellor.

The Labour Party's motives were clearly not disinterested. Mr Shore obviously wanted to embarrass the Government as well as to discuss the state of industry. But this does not mean that the CBI has associated itself with Labour, with which it strongly disagrees.

Depressing

The CBI is entitled to discuss its view of the economy with *anyone. It has regular meetings* with the Conservative and Labour parties and the Alliance. To argue, as one Tory MP has, that the CBI has undermined confidence in the only major party which supports the free enterprise system is a depressing example of the "are you for us or against us?" mentality. These MPs are politicising government/industry relations in exactly the same way as they criticise trade unions for doing.

Second, according to Mr Michael Grylls, the chairman of *the Conservative backbench* industry committee, the CBI has itself been a major factor in contributing to low levels of business confidence because of its unmitigated economic gloom. This charge confuses the messenger and the message. A distinction has to be drawn between, on the one hand the CBI's calls for action to reduce industry's costs and to increase public investment and, on the other, its monthly and quarterly surveys of the attitudes and expectations of industrialists.

Reputation

These trends surveys and the accompanying analysis by the CBI staff have established a high reputation for their reliability in projecting short-term economic movement. The CBI's caution has proved a more accurate guide this year than the Government's Micawber-like belief that something (the economy) will turn up. It is absurd to argue that the CBI is under*mining confidence* by accurately reporting on the widely noted weakening in recovery hopes since the March Budget.

But who really represents the views of industry? There are sharp differences between the CBI and the Institute of Directors, and among Tory MPs, about the current state of the economy and the right policies to follow. The CBI is dominated by manufacturing interests, now employing only about a quarter of the labour force. It is less clear what the Institute of Directors represents as it does not have the economic and survey back-up of the CBI.

Representative

If the CBI is the voice of the big company chairman concerned about his corporate plan, then the institute is perhaps that of the individual executive and small businessman worrying about "the state of the nation" and incentives. Both are representative in their different ways.

The real lesson of the recent row was highlighted by the Association of British Chambers of Commerce in its comment that drawing attention to the state of industry should be equated with a warning that fire precautions are inadequate, not with shouting "fire" in a crowded cinema.

Letters to the Editor

The Tebbit proposals can only foster resentment

From the Executive Officer, Press and Information, Transport and General Workers Union

Sir,—I appreciate the many inches of space (August 3) given to those who wished to comment on my letter of July 28. Without attempting to give a considered reply to each of the points raised by your contributors, I think that one or *two responses are called for.*

Mr Rowan Henderson suggests there are two types of trade union leader, servant or general; there are others like adviser, philosopher and friend. It is the media that label general secretaries as bosses, but it does not reduce their accountability. The Atlantic Conveyor rebuilding price has all sorts of cost factors that have nothing to do with labour charges which the unions cannot make any contribution to or change.

Two further contributors *argue that the unions are guilty* of preserving jobs, pushing for higher wages and shorter hours. The problem here is that the writers are really short on facts. Road transport vehicles have come a long way since the three tonner. Textiles have floundered against subsidised imports despite high productivity. British motor car production has gone down even with competitive robots. Comparable wage levels fall well below other industrial countries. There are numerous other examples.

There have been very few significant reductions in working hours in recent years, but there has been substantial improvement in the efficient use of time at work. As I indicated earlier there has been a wage depressing policy by respective governments throughout the post-war period. In such circumstances the unions had cause to be defensive. Working people have gained little from productivity agreements — they have only helped to swell the dole queue.

The Tebbit proposals can only foster resentment. The treatment meted out to the health workers by the government compared to its attitude to the police can only add to the feeling of injustice that is being experienced by those in the health service and the unemployed.

To argue the shortcomings of trade unions and pillory their leaders only compounds the failures of this administration in their economic and social fields.

It requires effective solutions to our monetary ills, not a further bludgeoning of our beleaguered workforce. Making unions the scapegoat for the results of current monetarist policy is like a doctor blaming a patient for his blood group because he cannot match it. Trade unions are what they are, the organisation of the workers, by the workers and for the workers. They are the only bodies to protect and advance the aspirations of working people.

L. J. Smith,
T & GWU.
Transport House,
Smith Square,
Westminster, SW1.

Collections protected by statute

From Mr D. Mahon

Sir,—Mr Hugh Leggatt (August 6) draws timely attention to the multiple—and from the practical point of view, virtually insuperable—impediments which would have to be overcome if the Government were to accept the view that *Ham, Osterley Park and Apsley* Houses have insufficient claims to be accommodated within the priorities of the Victoria and Albert Museum, as these are understood by Mr Gordon Burrett in his controversial Rayner scrutiny.

Bearing those impediments in mind, one is driven to the conclusion that it was irresponsible of Mr Burrett to go out of his way to make such heavy weather in the context of his report over the cost of providing public access in a worthy manner to the nationally-owned collections in these three houses. The V and A is merely the necessary agent (excellent, as it happens) to this end. Why launch *ballons d'essai* concerning financial "savings" which turn out on closer examination to be of so unfeasible a character?

May I draw attention to a further matter raised by Mr Burrett which serves to indicate that his home-work must have been all too superficial? This concerns the perilous recommendations with regard to disposal from the V and A *which* figure in so offhand a manner in the report. But Mr Burrett shows no awareness of the protection afforded by statute in this regard to the collections of the National Gallery, Tate Gallery and British Museum, following reasoned public criticism aroused in the past against analogous proposals. It is greatly to be hoped that a clause very strictly limiting any powers of disposal, possibly on the lines of those in the British Museum Act of 1963, will figure in the forthcoming legislation which will vest the collections of the V and A in its newly-created board of trustees.

Denis Mahon.
33 Cadogan Square, SW1.

The merits of training

From the President, Institution of Mechanical Engineers

Sir,—I read with great *interest the* recent announcement in the House of Commons by Mr William Waldegrave that an additional 575 sandwich course placements are to be funded by the Manpower Services Commission. This is a very welcome development at a time when industry is finding it exceedingly difficult to fund such training places. I am dismayed, however, at the further proposal to spend £50,000 to fund research into the cost benefits of sandwich-type education in relation to other forms *of engineering* education. In engineering the case for the integration of academic and practical training has been known and accepted for more than 30 years and this has been stated in numerous reports over the years. The problem facing industry is how to finance this or any other kind of training at a time when workforces are being reduced and profitability eroded. The Government's £50,000 would, I suggest, be much better spent *providing a few extra training* places rather than producing yet another report to gather dust on someone's shelf.

At the same time, I welcome the news set out in your columns (August 4), that MSC is also considering sponsoring four or five day training courses in basic taxation and banking practice for the long-term unemployed with a view to stimulating the growth of small businesses. This is an encouraging development as is the news in the same report that MSC *is* "keen to develop the enterprise allowance scheme" to help financially those starting small businesses. My enthusiasm for these ventures is fired by the belief I apparently share with the MSC officials you quote that, certainly in the manufacturing sector of industry, there is currently a greater prospect of increasing employment through stimulation and development of small businesses employing 50-500 persons than of firms employing large numbers.

V. John Osola,
1 Birdcage Walk
Westminster SW1.

Problems besetting London Transport

From Mr R. Bonwit

Sir,—Hazel Duffy (Lombard August 6) is to be congratulated on the cogent analysis of the problems besetting London Transport. The underlying fault is that LT is not sufficiently capital intensive in its operations.

Too much is expected of its buses, hampered as they are by an excessive flow of cars many of whose journeys are subsidised by the taxpayer through allowances for business cars. Not enough use is made of the existing Underground network, especially in off-peak hours. This discrepancy has been reinforced by the House of Lords judgment which nullified efforts to encourage tube travel by reducing Underground fares and easing congestion at ticket machines. The Government welcomed this misplaced attempt by the judiciary to adjudicate in transport priorities (Mrs Thatcher had let it be known that she approved of the initiative by a Conservative borough council which set the legal machinery in motion).

When a Continental or Scandinavian Government authorises construction of a new underground line in a major conurbation it allocates a commensurate amount for what is called (in German administrative parlance) consequential costs, meaning operational subsidies. The logic is that low fares and prompt services make it feasible to clamp down on the use of *private cars in the city.* This leaves adequate space for the essential circulation of road freight and makes urban life generally more enjoyable.

The ultimate purpose of urban public transport, according to Continental philosophy, is not to maximise profits or minimise losses but rather to maximise public transport passenger mileage, to use the excellent formula evolved by London Transport's director of bus services.

Of course it is not fair on *Greater London's ratepayers* that they should bear the entire burden of compensating public transport passengers for the excessive level of fares which a peak-intensive service must impose if it is to be run on sound business principles. The Continental practice of asking central and regional authorities to contribute heavily to the construction and operating costs of these facilities is of general validity—if only in the interests of fuel economy.

Ralf Bonwit.
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames.

BOC's third quarter profits decline to £27m

FOR THE nine months ended June 30 1982 the BOC Group, industrial gases and engineering concern, has increased pre-tax profits by 14 per cent to £72m, compared with £63m in the corresponding period of the previous year. The performance in the third quarter however, has shown a reduction from £29.6m last time to £27.1m, with U.S. results well down.

The nine months' profits are calculated on a modified historical cost basis. In current cost terms, pre-tax figures for the period rose by 21 per cent from £62.5m to £75.5m.

Profits have been favourably affected by a £1.2m gain from sterling exchange rates, compared with the same period last year. Excluding exchange gains, profits on a modified historical cost basis increased by 12 per cent over the same nine months of 1980-81.

Mr Richard V. Giordano, the chief executive, says that during the last quarter the group has suffered from the worst recession in the U.S. since the second World War. The effect on the group's U.S. trading has been severe, particularly on the carbon graphite and welding businesses, and no early improvement is seen in these areas.

Against these adverse factors, Europe—mainly the UK—continues to perform very well as have some of the group's smaller companies in the Pacific region. Mr Giordano says the UK results are particularly gratifying as they reflect not only slightly improving trading activity but real benefits flowing from increased productivity.

The group's industrial gases business continues to grow and is still its biggest profit earner. But profits from the group's health care business worldwide are growing at an even faster rate and health care continues to be the second biggest contributor to profits.

Group sales for the first nine months from £1.08bn to £1.16bn. Trading profits rose from £111.2m to £121.8m, after operating costs of £948.6m (£892.5m), depreciation of £93.2m (£79m) and share of associates' profits of £6.9m (£4.3m). The pre-tax result was struck after slightly higher interest of £49.8m (£48.2m).

Tax charge decreased from £25.1m to £21.8m, including overseas tax of £14.4m (£19.6bn)—the effect of transactions under the U.S. Economic Recovery Tax Act have been to reduce the charge by about £8m (nil). After deducting £6.6m (£7.6m) for minorities, earnings for the period came through ahead from £30.3m to £43.6m.

Stated earnings per 25p share, on a nil distribution basis, were 15.03p (10.81p) undiluted and 13.94p (10.71p) fully diluted. Earnings on a net basis were 13.15p (9.24p) undiluted and 12.07p (9.12p) fully diluted.

See Lex

HIGHLIGHTS

Lex today looks at the Hong Kong market where the Hang Seng index has been falling steeply. Yesterday it fell 100.31 to 966.36, which is nearly 28 per cent below its level of a fortnight ago and barely half the peak of last summer... The column also looks at BOC Group which has continued to make progress despite the recent weakness in the industrial gas market. Pre-tax profits for the first nine months were £72m, against £63m, and the group is headed for £100m at fulltime. The six-months figures from Ultramar are also examined. These show a pre-tax decline from £92m to £86m.

Ratcliffs drops to £87,000

A SHARP downturn in pre-tax profits from £418,500 to £87,000 is reported by Ratcliffs (Great Bridge), manufacturer of brass and copper strip, for the first six months of 1982.

Although prospects of Great Bridge looked reasonably encouraging at the start of the first quarter, the directors say conditions since the beginning of March became progressively worse, involving slack schedule and short-time working.

They warn that there is every indication of further deterioration in prospects for the second half of the year.

First half sales declined from £20.44m to £19.37m. The pre-tax figures included a lower share of profits from subsidiaries, down from £407,000 to £303,000.

Tax paid amounted to £163,000 (£187,000), leaving a net loss of £77,000, compared with a surplus of £231,000.

None the less, the net interim dividend is being maintained at 0.75p per 25p share—a total of 2p was paid for the 1981 year from taxable profits of £857,200 (£162,400 loss).

● **comment**

Ratcliffs is paying dearly for its heavy dependence on the motor industry. Over 60 per cent of output, and in the case of exports over 70 per cent, goes into original or replacement equipment, mainly radiators. The mid-year pre-tax dive reflects closely the operating performance as there was little change in interest received and no exceptional metal losses. Now, following what has proved to be a false dawn in the pick-up in demand in the UK the group is planning — somewhat belatedly — to broaden its product range to heavier coils which could help shift the customer mix. Stocks remain high—£3.6m at year-end—but the low price of copper leaves the company with a strong cash buffer of some £2m: it does not actively trade in the metal. With the continued gloom in the UK and exports also weakening the full-time outcome will again hinge greatly on Canada where, after only a small profit in the first three months, the sharp recovery in the second quarter might be sustained if the auto industry strikes do not take place. But this would indicate something still well below last year's £0.86m and a far cry from the £1.8m record in 1978. The worse-than-expected results left shares down 5p at 58p which on an assumed unchanged final yields 5 per cent.

Building side lifts Abbey

PRE-TAX profits of industrial holding company Abbey edged ahead in the year to April 30 1982, from I£3.58m to I£3.66m, on turnover up from I£59.07m to I£62.58m. However, second-half profits were down from I£2.12m to I£2.03m.

The directors are recommending a same-again final net dividend per 25p share of 2.53p, maintaining the payout for the year at 3.94p. Earnings per share are stated slightly down at 11.31p (11.48p), and asset value per share is put at £1.03 (£0.98m).

Interest charges for the year came to £3.52m (£3.39m), and tax took £1.01m (I£888,000).

The pre-tax profit was derived from: building and property development £3.1m (£2.31m); plant hire £27,000 (£442,000); manufacturing £62,000 (£235,000); merchanting £404,000 (£506,000); associate companies £71,000 (£87,000).

Mr James Gallagher, the chairman, says the profit analysis confirms the continuing effects of the recession in both Ireland and the UK on some of the group's activities. However, the building and property development division increased its contribution to profits and showed considerable improvement over the previous year, he adds.

Smith Bros. ends year £28,000 in the red

AN IMPROVEMENT in trading conditions in the second six months all but eliminated the loss incurred by stockjobbers Smith Bros. at the midway stage.

For the year to April 29 1982 the loss at the pre-tax level emerged at £28,000, which compares with a profit of £1.9m for the 1980/81 year. Turnover for the period slipped from £3.4bn to £3bn.

Mr Tony Lewis, the chairman, points out that the full year results were achieved despite the continuation of high interest rates, which he says had an adverse effect on profits at the net level.

He adds that the current year has started quietly in all the company's markets. Although he is encouraged by the trend towards lower interest rates, he comments that it is impossible to predict the outcome for the current trading period.

Meanwhile, the net total dividend for 1981-82 is being reduced by 2p to 1p by a final of 0.5p (2p)—loss per 25p share is given as 0.1p, against earnings of 9.9p.

Net loss for the 12 months came through at £5,000, compared with a surplus of £868,000, following a tax credit of £23,000, against a debit last time of £1.03m. There were also extraordinary debits in the previous year of £8,000.

Dividends for 1981-82 will absorb £79,000, compared with £242,000, leaving a loss of £84,000 (£618,000 profit).

At six months the company plunged to a loss of £798,000, compared with profits of £1.41m for the corresponding period a year earlier—a swing of £2.2m.

In his interim report the chairman said market conditions had been difficult. He added, however, that there had been an appreciable improvement in trading in the third quarter but said it was impossible to forecast results for the full year.

CCA adjustments resulted in pre-tax losses of £291,000 (£1.36m profit) for the year under review. On the same basis loss per share was 3.1p (3.7p earnings).

In a statement following the results Mr Lewis said that after a disappointing first half, trading turned better in the second six months.

He added that although this didn't persist at the pace it started at it provided enough to "pull the loss back."

The chairman pointed out that the charge for interests costs will not be disclosed until the final accounts. Although down on the £1.2m figure of the previous financial year, the continued high level of interest rates meant a higher than expected total for the group, he commented.

Included in the results was a "small contribution" from the American operations. Smith Bros. is no longer actively trading in Amsterdam, though it has retained exchange membership.

See Lex

Ultramar £6m lower at six months

A SECOND quarter downturn from £49.9m last time to £42.2m has left Ultramar with lower pre-tax profits of £85.9m for the first six months of 1982, compared with £91.9m for the same period last year. Mid-term sales of this petroleum exploration and development group dropped from £717.6m to £645.3m.

In May when reporting three months pre-tax figures of £43.7m (£42m), Mr Arnold Lorbeer, the chairman, said that because of continued weak economic conditions in the western world, it was difficult to forecast the level of profitability for 1982. But it was thought unlikely that results for succeeding quarters could be maintained at the same pace as for the first quarter.

Half-yearly earnings per 25p share increased slightly from 40.5p to 40.8p, after a lower tax charge of £39.4m (£46.4m), while the interim dividend is being raised from 5p to 5.5p net—last year's total payment was 13p on pre-tax profits of £180.2m.

The greater part of the group's profits continue to be in U.S. dollars and the results when translated into sterling, benefited from the weakness of the pound against the dollar. However, this benefit was offset by reduced profits in the operating companies, caused by the overall strength of the dollar against other currencies.

There has been no improvement in economic conditions in the western world and margins continue to be weak. This has affected the profitability of the group's Canadian refining and marketing division, which made lower profits than last year. However, producing operations performed well and most other divisions operated satisfactorily.

At the trading level, first-half profits were down from £101.6m to £98.9m. Retained earnings slipped back from £35.8m to £35.5m. Exchange losses of £2.5m (£2m) related almost entirely to long term loans of individual subsidiaries repayable over the years to 1993.

Cash flow from operations for the first six months was £70.9m, compared with £72.7m last time. Capital expenditure increased from £38.4m to £86.8m.

Sales of oil during the period averaged 170,500 (221,400) barrels per day. Oil refined was 79,000 (80,400) barrels per day and oil produced was unchanged at 9,200 barrels per day.

Gas produced averaged 177.9m (167.9m) cubic feet per day. Gross wells drilled amounted to 55 (46) and 49 (36) oil and gas wells were completed, in which the group has varying interests.

Modernisation of the Quebec Refinery, development of the North Sea Maureen Field and doubling the capacity of the LNG Plant in Indonesia are on or ahead of schedule and cash flow and profits should begin to reflect these completed projects in the last half of 1983.

Construction of six oil-bulk-ore carriers in Spain has fallen behind schedule and the first vessels are now not expected to be delivered until the spring of 1983.

Exploration drilling in Indonesia, the North Sea, the U.S. and Egypt during the past six months has given some encouraging results, and follow-up drilling is expected to begin in the second half.

In current cost terms, mid-year pre-tax profits were £78.1m (£75.7m) and earnings per share came to 33.6p (25.5p).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Abbey	2.53¶	Oct 4	2.53	3.94	3.94
Anglo-Intl. Inv. ......int.	2.5§	Oct 6	2	—	5.3
Brady Industries	1.5	—	2.75	1.5	4.25
T. Clarke ......int.	0.66	Oct 4	0.63	—	1.75
Ratcliffs (Gt Br.) int.	0.75	—	0.75	—	2
Sheldon Jones	2.65‡	—	—	3.9	3
Smith Bros.	0.5	Oct 22	2	1	3
Ultramar ......int.	5.5	Oct 15	5	—	13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To reduce disparity with final. ¶ Irish currency throughout.

First half downturn at Albright & Wilson

FLAT trading in the first six months to June 28 1982 at Albright & Wilson, chemical manufacturer, resulted in reduced pre-tax profits at £6.11m against £6.79m previously.

There was an improvement in volume and margins of UK exports but home sales volumes were lower say the directors. Overseas operations continued to be satisfactory although there was some reduction in Canadian sales and profits.

Currency adjustments, unfavourable this year but favourable in the first half of 1981, almost wholly offset the modest improvement in trading profits.

Turnover of this company, which is wholly owned by Tenneco of the U.S., moved ahead from £237.95m to £258.03m. At the trading level profits improved marginally from £13.11m to £13.2m.

Pre-tax profits were struck after net interest payable of £7.09m against £6.32m.

Tax took £2.22m compared with £2m and, after minorities, attribuable profits emerged lower at £3.64m, against £3.81m. There were extraordinary debits this time of £8.39m (credits of £7.34m) which were mainly a provision for a loss on the disposal of the Bush Boake Allen flavour and fragrance business.

The directors point out that the profits in 1981 mainly comprised an increase in the sterling value of overseas fixed assets less long-term liabilities.

In the last full year pre-tax profits totalled £11.07m on sales of £482.47m. The directors said in their report for the 1981 year that there was a general expectation of a slow recovery from recession in the UK, the rest of Europe and North America. They added that they were budgeting for an improvement in results in 1982 much less marked than in 1981.

There is again no dividend on the ordinary stock. The first half preference dividend is being waived, as in 1981.

T. Clarke moves ahead to £286,701 at halftime

SLIGHTLY HIGHER pre-tax profits of £286,701 against £274,776 were produced by T. Clarke, electrical contractor, for the first six months to June 30 1982. Turnover was lower at £7.3m, compared with £8.2m.

The directors say that the current order intake is satisfactory despite the decline in volume throughout the construction industry.

The net interim dividend has been raised to 0.6615p (0.63p). Earnings per 10p share are given as 1.401p against 1.331p.

In the last full year, a total of 1.75p was paid from pre-tax profits of £641,718 (£582,005) on turnover of £16.43m (£14.3m). In their last annual statement the directors said that they had confidence in the group's ability to survive and prosper but they said it would be unwise to anticipate continued expansion at the same level experienced in the previous two years.

On a current cost basis pre-tax profits were shown as lower at £274,516 (£241,001).

● **comment**

T Clarke's share price rose 2p to 26p following the 4 per cent improvement in interim pre-tax profits. The shrinking turnover indicates that it has avoided the temptation of chasing work in a sector where margins are wafer thin. The last balance sheet showed cash of £1.51m, some 60 per cent of the company's capitalisation which values the contracting business at less than three times its net historic earnings. However, as more than half the shares are held ultimately by Credit Suisse, T. Clarke is safe from a predatory bid to shake out its cash. On an increased dividend the shares yield 11.2 per cent.

Sheldon Jones advances

An improvement in turnover from £11.79m to £13.4m enabled Sheldon Jones, manufacturer of animal feeds and supplier of crop production materials, to increase its taxable profits for the year to May 31 1982 by £89,000 to £850,000.

Full year earnings per 25p share moved ahead to 13.3p (10.5p after a tax credit of £74,000) and the dividend total is being stepped up by 0.9p to 3.9p net by a final of 2.65p—the company's shares are traded on the Unlisted Securities Market.

William Dawson progress in line with expectations

THE PROGRESS of the main activities so far this year of William Dawson (Holdings) is in accord with expectations, say the directors. They have declared an increased dividend of 2p compared with 1.2p for the year to September 30 1982.

In their last statement the directors of this unquoted company said that they were reasonably confident that group pre-tax profits would be sustained.

Commenting on the current year, the directors say that the disposal of the antiquarian book business at Pall Mall to Pickering and Chatto was successfully completed on April 1 and some cash flow has already resulted.

As part of the agreed arrangements the directors say that existing stocks held at the Pall Mall branch will be disposed of through Pickering and Chatto during the next few years.

Since 1980 management resources with a detailed knowledge of antiquarian books have been below the strength necessary to cover three establishments. Partly because of the continuing preoccupation with the position at Pall Mall up to the date of the sale, and because of the general recession in the trade, Deighton Bell at Cambridge is so far showing a poor result, according to the directors.

They say that the company has succeeded in strengthening the management at this establishment.

The accounts of the associate, Surridge Dawson, for the year to January 3 1982 show a very satisfactory result indeed, say the directors. Turnover has climbed from £70m to £85m and pre-tax profits have improved from £2.3m to £3.7m. However, they add that a similar rate of growth is not presently evident in the current year.

Improvement by Straits Steamship

For the six months to June 30, 1982, pre-tax profits at Straits Steamship Company, which is controlled by Ocean Transport and Trading, moved ahead from S$11.95m (£3.24m) to S$12.97m (£3.52m). Sales improved from S$89.51m to S$107.67m.

The directors say that the improved first-half performance is expected to be sustained in the second six months, unless the effects of global recession become more severe.

The interim dividend has been declared at 1.5 cents on capital increased by a 2-or-1 scrip issue.

Pre-tax profits were struck after increased associate profits of $1.99m ($1.68m), investment income $509,000 ($1.9m) and interest payable $4.54m ($5.36m).

Tax took $5.52m ($3.67m). After minorities of $1.3m ($1.18m) and extraordinary debits of $940,000 (credit $883,000) net profits emerged lower at $5.21m ($7.99m).

BENN BROTHERS

Benn Brothers, the business journal and directory publisher, made slightly lower pre-tax profits of £1.05m for the year ended June 30 1982, compared with £1.132m previously. Because of a typographical error, the comparative figure given in yesterday's report as £1.32m was incorrect.

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UK COMPANY NEWS

Brady in profit in second half

A PRE-TAX profit of £48,000 in the second half at Brady Industries was insufficient to eliminate the first-half loss of £86,000. As a result, the group ended the year to March 31 1982 with a £38,000 deficit, compared with a £463,000 profit previously, on turnover up from £20.79m to £22.65m.

At halfway, when reporting a £232,000 swing round into the red, Mr A. E. R. Seymour, the chairman, said that no significant improvement was anticipated in the second six months.

He now says that "though there will be no easy road ahead in the current economic climate, we do believe that the actions taken, together with some signs of improvement, give us some grounds for optimism in the current year."

Mr Seymour says that in view of the group's strong reserves and some hopeful signs for the future, the board has recommended a first and final dividend of 1.5p net per share for the year. Last year, an interim of 1.5p was followed by a 2.75p final.

Stated deficit per 25p share for the year was 1.5p, compared with 15.2p earnings which was after the release of deferred tax equivalent to 3.7p per share.

A divisional breakdown of turnover and trading profits, £148,000 (£641,000), shows (with 000s omitted): door manufacturing and engineering £12,046 (£12,750) and £162 (£1,032); merchanting £7,960 (£6,194) and £143 (£268 loss); graphic reproduction £2,283 (£1,492) and £180 loss (£153 loss); and transport £357 (£349) and £23 (£40).

Earlier this month, a recommended offer for the company by Tarmac was announced. Currently Tarmac holds 51.3 per cent of Brady's voting capital.

	1981-82 £000	1980-81 £000
Turnover	22,646	20,785
Trading profit	148	641
Investment income	5	10
Net interest charge	191	188
Loss before tax	38	*463
Net tax credit	7	†113
Net loss	31	*576
To minorities	20	18
Extraordinary debit‡	367	§46
Attributable loss	419	*604
Dividends	59	159
Retained deficit	477	*445

* Profit. † Includes £135,000 deferred tax written back. ‡ Comprises £384,000 (nil) rationalisation and relocation costs; nil (£17,000) net surplus on sale of property; £17,000 (£29,000) transfer from capital reserves on realisation of properties. § Credit.

BARING BROS.

The directors of Baring Brothers and Co. have announced that profit for the six months ended June 30 1982, was higher than that for the same period in 1981.

BANK RETURN

	Wednesday Aug. 11 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	42,751,928	— 1,795,465
Bankers Deposits	537,567,156	— 95,656,315
Reserve and other Accounts	1,937,712,991	+ 87,037,689
	2,532,595,055	— 10,414,091
Assets		
Government Securities	490,121,795	+ 9,385,000
Advances & other Accounts	1,290,151,131	+ 91,862,241
Premises Equipment & other Secs.	745,902,702	— 99,391,605
Notes	6,090,332	— 12,250,355
Coin	329,095	— 19,374
	2,532,595,055	— 10,414,091
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,900,000,000	— 75,000,000
In Circulation	10,893,909,668	— 62,749,647
In Banking Department	6,090,332	— 12,250,353
Assets		
Government Debt	11,015,100	—
Other Government Securities	2,454,847,513	— 587,210,593
Other Securities	8,434,137,387	+ 512,210,593
	10 900,000,000	— 75,000,000

Anthony Moreton looks at the intricate and prolonged struggle for ownership of a textile giant

No end in sight to the battle for Illingworth, Morris

THE High Court decision at the very end of the summer law term to delay hearing for as much as a year the case in which Mr Alan Lewis sought to proceed with his purchase of Illingworth, Morris is a disappointing blow for this little-known businessman.

Mr Lewis had reached agreement in January with Mrs Pamela Mason—one-time wife of actor James Mason, a television chat-show hostess in her own right in Los Angeles, and daughter of the founder of the Yorkshire concern—to acquire her holding the company, which claims to be the world's largest woollen business.

By January he had bought the 19 per cent of the equity she inherited directly from her father, Mr Isadore Ostrer. However, his bid to buy the 27 per cent of the concern which Mrs Mason held as a trustee of her father's estate was baulked through an action brought b Mrs Mason's half-sister.

That part of the capital w put in the hands of a judicl trustee. Mr Lewis has been se ing to show that the trustee as bound by an agreement ade last October between Mrs ason and Abele, his company, ving him an option to buy the per cent.

The trustee, howeve has argued that he is not bund by the Mason-Lewis agement because Mrs ason entered into it in breac of her duty as executor of r father's estate.

The cour has now rejected Mr Lewis' plea and as the trustee ha aid his case will not be ready f trial before January, the earli it can find a place in the cot lists is July 11 next year. M Lewis has pleaded for an earli date, if possible before Christs, because undertakings he ha given to the takeover panel re costing his company £1,00 a week. In addition, intert on unpaid capital gains tax Mr Ostrer's estate is said to accruing at the rate of £150 a d.

r Lewis faces a hefty bill if a when he is given the ahead to purchase the shares s Mason says she is entitled sell.

The legal hitch comes at the nd of a difficult 18 months for Illingworth Morris, during which Mrs Mason attempted to remove Mr Donald Hanson, the chairman, and Mr Peter Hardy, joint executive of the company, who then succeeded in removing her and her son from the board. They failed to buy the company from Mrs Mason and her half-sister and took out the action to have some of the shares Mrs Mason controlled put in the hands of a judicial trustee.

As if this were not enough, the company had to struggle with the consequences of the worst depression in the industry's history.

Illingworth Morris is a highly respected name in the textile and garment industries. It produces the highest-grade cloth sold under names such as Pepper Lee, Learoyd and Salts of Saltaire. It also owns Crombie, the world-famous Aberdeen mill.

The group originated when Isadore Ostrer, a Jewish immigrant from Eastern Europe, underwrote the issue of shares in Amalgamated Textiles in 1920. That company later acquired three worsted spiners, including Danial Illingworth, of Bradford, and William Morris of Halifax, and the group's name was changed to Illingworth Morris.

In the 1920s and 30s Isadore and his brother Maurice themselves acquired shares in the company until, by 1944, Isadore had built his holding to over 50 per cent, at which point he put a nominee on the board. At the time, he handled Illingworth, Morris at arm's length, controlling the company without sitting on the board himself and giving most of his attentions to the Gaumont cinema concern later bought by J. Arthur Rank.

Mrs Mason entered the scene as executor of her father's estate in 1975. She inherited an extremely complicated legacy. The key family investment company was Lothbury Investment Corporation, of which Isadore held 60 per cent and Maurice the rest. The corporation's principal holding was a 27 per cent stake in Illingworth, Morris. There was also a 62 per cent holding in LOG Trust.

Isadore also had 19 per cent of Illingworth, Morris directly and so Mrs Mason found herself controlling 46 per cent of the company and faced with a £2m death duties bill. She promptly adopted an interventionist and at time quixotic approach to company affairs, putting nominees such as her son Morgan, Caspar Weinberger before he became U.S. Defence Secretary, and Tommy Yeardye, one-time escort of Diana Dors, on the board.

During part of this time Mrs Mason had been negotiating to sell the investment of which she was executor to Mr Lewis, and at a price much lower than she had, at one stage, been offered by Hill, Samuel.

The sale of the voting and non-voting "A" shares—19 per cent of the capital—to Mr Lewis was completed in January. But Mrs Mason's half-sister had successfully appealed to the High Court after Christmas to have the estate's affairs put in the hands of a judicial trustee.

The arrival of Mr Lewis on the scene as purchaser of the shares led to a lot of remarks of the Mr Who? variety. He admits to being a man who doesn't court publicity, so that his bid for a major textile concern, bigger than anything with which he has previously been involved, naturally caused surprise.

Mr Lewis, 43, was born and educated in Manchester. After a brief flirtation with printing technology, he went into business in the financial sector, where he acquired and turned round property and textile firms.

His luck was to be in the right place at the right time, though he denies that luck had anything to do with it. "You make your own luck," he says. But in the late 60s Mr Lewis bought several Lancashire companies that were in deep trouble, managed them them and, if the occasion arose, sold them on.

Mr Lewis's management philosophy is to settle policy, ensure that the companies are on the right lines, and then leave the managers to run them. But he keeps tight control through monthly reports.

His holdings are organised in five separate groups:

- Alcrafield, which holds 96 per cent of property concern Hartley Industrial Trust;
- Anglo-Manx Bank, which brings together the old banking interests on the Isle of Man of G. T. Whyte and Slater-Walker;
- Abele, registered in the Isle of Man, which will control Illingworth, Morris;
- A company handling foreign trade;
- A Buckinghamshire farm.

Although both Anglo-Manx Bank and Abele are registered on the Isle of Man, Mr Lewis is a UK resident.

His involvement with Illingworth, Morris began more than two years ago when a broker suggested that Mrs Mason might be willing to sell. She turned down his approach then, but on a U.S. business trip last year he was in turn approached by one of her representatives.

He sees Illingworth, Morris as a good, soundly-run company in need of some financial and entrepreneurial direction. The object is not to tinker with management but to free it for further growth, he says. That growth is beginning to emerge. After heavy losses in 1980 and 1981 the company climbed out of the red and produced a £1.26m pre-tax profit this year.

But it cannot be long before the chairman reaches retirement age, and although the board has been strengthened this year, the departure of one of the company's two key men would be a big blow. It would also be a big opportunity for Mr Lewis to move into the company more directly—if he can afford to meet the costs involved in the High Court decision over the next 12 months.

RESULTS AND ACCOUNTS IN BRIEF

G. M. FIRTH (HOLDINGS) (steel stockholding and property development)—Results for year to March 31 1982 reported July 16. Shareholders' funds £2.69m (£2.63m); fixed assets £563,107 (£774,075); net current assets £1.9m (£1.98m). Meeting, Salford, September 2, at noon.

D. F. BEVAN (HOLDINGS) (metal trader, general engineer, steel stockholder)—Results for year to March 31 1982 reported July 13. Shareholders' funds £2.23m (£2.28m); fixed assets £1.75m (£1.67m); net current assets £854,090 (£842,00); increase in bank overdrafts and acceptance credits £45,009 (£200,00). Meeting, Birmingham, September 3, 12.15 pm.

CABLE AND WIRELESS—Results for year ended March 31 1982 reported July 15. Group fixed assets £234.83m (£288.97m); shareholders' funds £351.04m (£2..18m); net current assets £462.1m (£?.1m). Net liquid funds increased by £115.04m (£7.33m decrease). Future capital expenditure £89.5m (£9.52m). Meeting, Cafe Royal W, September 1, 11 am.

CITY AND FOREIGN INVESTMENT—Results for six months to June 30 1982. Gross income £49,800 (£26,500); management expenses £19,700 (£15,60; pre-tax revenue £30,100 (£10,90; tax £1,800 (£300). Ordinary share capital £1m (same); net asset value £3.64m (£3.72m); net asset value per 2 share 91p (93p).

ROUTLEDGE AND KEGAN PAUL (book publisher)—Results for year to March 31 82 reported July 6. Group shareholders' funds £2.23m (£2.11m). Fixed assets £703,853 (£679,356). Net current assets £1.54m (£1.51m). Camellia Investments holds 35.4 per cent of ordinary shares. Meeting, Henley-on-Thames, September 22, 12.45 pm.

GENERAL ELECTRIC COMPANY—Results for the year to March 31, 1982 reported July 2. Shareholders' funds £1.78bn (£1.45bn). Fixed assets £611.1m (£551.6m). Current assets £3.04bn (£2.51bn), current liabilities £1.74bn (£1.45bn). Increase in bank balances and deposits less overdrafts £375m (£61.6m). Proposed share split will be into units of 5p: earlier proposal was for units of 10p. Meeting: The Institution of Electrical Engineers, Savoy Place, W, September 10, noon.

UNITED GAS INDUSTRIES (gas appliance manufacturer)—Results for year to March 31, 1982, reported June 25. Group shareholders' funds £14.6m (£13.33m). Net current assets £8.76m (£7.44m). Fixed assets £7.75m (£7.91m). Net cash inflow £2.96m (£0.32m outflow). At July 26, 1982, Hanson Trust, which is bidding for the company, held 4.33m ordinary shares (29.8 per cent). Meeting, Connaught Rooms, WC, September 2, noon.

HOLLAS GROUP (textiles, yarns and fibres)—Results for year ended March 31 1982 reported July 8 with remarks on prospects. Group fixed assets £2.65m (£2.14m), net current assets £5.19m (£4.11m), shareholders' funds £9.85m (£7.89m), net liquid funds increased by £903,000 (£338,000 decrease). Compensation to former director for loss of office £12,000. Meeting, Wythenshawe, Manchester, September 8, 11 am.

BRISTOL EVENING POST (newspaper proprietor)—Results for the year to March 31, 1982 reported July 17. Shareholders' funds £13.96m (£13.82m). Fixed assets £14.63m (£14.29m). Net current assets £2.9m (£3m). Increase in working capital £369,000 (£414,000 decrease). On July 10, 1982 Associated Newspapers Group held 23.8 per cent of the company's ordinary shares. Meeting: Bristol, September 2, noon.

MARLING INDUSTRIES (manufacturer of industrial textiles)—Results for year ended March 31 1982 reported on July 16. Shareholders' funds £6.24m (£4.69m); fixed assets £3.76m (£3.68m); bank balances and cash £104,000 (£55,000); bank overdrafts £2.46m (£1.88m); net current assets £3.54m (£2.93m). Net assets per share 41.51p (31.69p). Meeting: Charing Cross Hotel, Strand, WC, September 3, at noon.

ASPREY AND CO. (goldsmith, jeweller, antique dealer)—Results for year to March 31 1982 reported on July 16. Shareholders' funds £16.88m (£13.17m); fixed assets £617,000 (£578,000); net current assets £16.51m (£12.64m) including stock £10.62m (£7.71m). Increase in net liquid funds £4.86m (£2.82m). Chairman says new shop on Fifth Avenue, New York will not start trading until next spring. Sears Holdings hold 22.9 per cent of ordinary shares. Meeting: Brown's Hotel, Albemarle Street, W, September 6, at noon.

HERRBURGER BROOKS (maker of piano actions, keys and hammers)—Pre-tax loss for the year to May 31, 1982, £33,263, (£111,430 profit). Turnover £4.43m (£4.95m). Tax nil (£58,429). Stated loss per 25p share 2.55p (4.06p earnings). No dividend (same). CCA loss £210,000 (£3,000 profit). Herrburger's ultimate holding company is Kimball International of the U.S.

ASSAM TRADING (HOLDINGS)—Turnover for the year to March 31 1982 £2.17m (£933,000). Trading profit £170,000 (£155,000 loss). Tax paid £46,000 (£52,000 credit). Extraordinary debits £775,000 (£517,000 credit). Earnings per 10p share 0.99p (1.74p loss). Dividend 1.5p (same). Company is a subsidiary of Broadland Properties.

FLEMING AMERICAN INVESTMENT TRUST—For the six months to June 30 1982, pre-tax revenue £1.31m (£1.12m), net asset value 291.5p (317.2p), earnings per share 5.02p (4.34p), franked investment income £937,546 (£870,692) unfranked investment income £261,954 (£328,295), deposit interest and underwriting commission £276,794 (£67,504), tax £461,346 (£393,447), management expenses £106,392 (£75,661), interest £84,674 (£65,825).

OCEONICS (marine electronics company)—Results for the year to March 31, 1982, already known. Shareholders' funds £3.24m (£956,551). Fixed assets £3.82m (£1.73m). Net current assets £263,902 (£676,094 liabilities). Increase in net liquid funds £224,959 (£409,565 decrease). Chairman confident that group's growth prospects are "excellent"—its shares are traded on the USM. Meeting: Savoy Hotel, WC, September 2, noon.

SHARE STAKES

Amalgamated Estates — Sir Gerald Glover has sold 150,000 ordinary, reducing his holding to 250,000 shares (1.36 per cent).

Freemans—Mr R. S. Chapman has reduced his non-beneficial interests by 118,294 ordinary.

Hewden/Stuart Plant—Director P. A. P. Smyth has sold 25,000 ordinary.

Barton Group — A recent acquisition of 600,000 ordinary by Caparo Industries has increased the holding of Caparo Group to 1.709m ordinary (7.119 per cent of those shares in issue).

Courts (Furnishers)—Transactions involving directors' shareholdings: Edwin N. Cohen—beneficial interests reduced by the gift of 1,000 "A" shares and non-beneficial interests increased by the purchase of 44,750 "A" shares; Bruce J. R. Cohen—beneficial holdings reduced by the sale of 44,750 "A" shares.

Glynwed International — R. Sidaway, on appointment as a director, is now interested in 109,146 ordinary shares. His wife holds 40,881 ordinary shares.

Belhaven Brewery — Director John Berkley has purchased 25,000 ordinary, increasing his holding to 1,125,200 (5.18 per cent).

Squirrel Horn — Ian Yates holds 872,500 ordinary (17.1 per cent).

New Court Natural Resources—Hampton Gold Mining Areas has increased its holding of ordinary 5p shares to 4.73m (14.19 per cent).

London Scottish Finance Corporation — Goseford Financial Management has purchased a further 25,000 ordinary, increasing its holding to 2,685,706 (22.5 per cent).

Trans National Trust—Following recent dealings in the participating shares of the company, a further 1,636,612 shares have been issued to Allied Irish Holdings, which has resulted in its total holding being increased to 6,630,895 shares—this now represents 94 per cent of the participating shares currently in issue. This holding remains sub-divided into numerous designated accounts, which are held beneficially on behalf of individual clients of Allied Irish Investment Bank.

Sunlight ponders on OFT decision

BY RAY MAUGHAN

THE BOARD of Sunlight Service Group was yesterday weighing up whether to pursue its interest in Johnson Group Cleaners following the reference by the Office of Fair Trading of the £35m cash, equity and loan stock reverse takeover bid to the Monopolies and Mergers Commission.

The reference slashed the Johnson share price by 32p to 222p, which compares with the peak prices paid either by Sunlight or its brokers, Hoare Govett, on behalf of discretionary clients of up to 290p per ordinary share.

The sum of these holdings added up to 6.2 per cent of the equity and 6.4 per cent of the preference shares before the reference giving Sunlight command of 5.32 per cent of the total votes. Its bid had been extended by three weeks until August 19 following a low level of acceptances by the first closing date.

Johnson, which has adamantly resisted Sunlight's approaches throughout, has claimed that the merger would lead to a concentration of the linen hire market amounting to 60 per cent in the London area and 34.5 per cent of the national market. Sunlight would have had little impact on Johnson's estimated share of the retail dry-cleaning sector of 24.9 per cent.

This is the second time in five years that a Monopolies Commission reference has helped Johnson escape the attentions of an unwelcome bidder. The offer by Sketchley in 1977 lapsed on such a reference after Johnson had calculated that such a merger would concentrate 39.4 per cent of the UK dry cleaning market in one group.

Sunlight's current approach also lapses under the conditions of its bid although, as ever, the Trade Ministry stresses that the reference does not in any way pre-judge the question whether or not the merger concerned would be against the public interest.

Many of the major bids referred to the Commission this year will be re-started given a favourable decision. For instance, should the Commission complete its report within the usua six month deadline, Nabisco would expect in such circumstances to renew its offer for Huntley and Palmer Foods some time after September 18.

A commission finding that a merger would not be against the public interest would enable Great Universal Stores to renew its bid for Empire Stores (Bradford) after November 26, Charter Consolidated could restart its bitterly contested overtures to Anderson Strathclyde after December 3 and Arthur Holden would receive a new approach from ICI from September 16 onwards.

Sunlight will not decide finally whether to persist through the reference period until it holds a board meeting some time next week. It has, however, argued consistently that the merger of dry-cleaning, linen rental, workwear hire and commercial laundry interests would be complementary rather than overlapping and can only be expected to withdraw with the utmost reluctance.

Electrocomponents expands into U.S.

MANUFACTURER AND distributor of electronic components Electrocomponents has acquired 80 per cent of the shares of MESA Technology, a U.S. private corporation, for between $5.42m (£3.19m) and $10.15m (£5.97m) depending on future profit performance.

The shareholding in MESA will be held by Electrocomponents U.S. Inc., a wholly owned subsidiary of Electrocomponents.

The initial consideration of $5.42m is being satisfied by the issue to the vendors of Electrocomponents 10p ordinary shares; the principal vendors being the three senior managers of MESA and their wives.

The new Electrocomponents shares have been placed in the market on behalf of the vendors by Robert Fleming and Co. L. Messel and Co. and Scrimgeour Kemp-Gee and Co.

Payment of a deferred element of the initial consideration, amounting to $1.9m, is conditional upon the audited taxable profits of MESA for the nine months to March 31 1983 being not less than $1m.

If the profits fall short of $1m, payment will be held over for one year. Furthermore, if the profits for the following year are less than $1.25m the deferred element of the initial consideration will not be paid at all.

The vendors have forecast considerable growth which if met in the 21-month period to March 31 1984, will mean an additional consideration up to a maximum of $2.83m.

MESA, based in Maryland, distributes standard computer equipment which can accommodate specific user requirements. It also designs and builds special systems for data communications. This latter business is centred on several government agencies in the Washington DC area.

MESA was formed from two companies: MESA Inc founded by Mr Les Grinspoon, and Quad Systems Inc founded by Mr Grinspoon and Mr Richard Cooperman. Subsequently, Mr Vic Hess joined MESA and acquired a shareholding from Mr Grinspoon. These three represent the senior management of MESA.

The pro forma profits after tax of MESA Technology for the year to June 30 1982 were $477,000 on turnover of $7.53m. This compares with profits after tax for the previous year of $200,000. As at June 30 1982 the pro forma net tangible assets of MESA Technology amounted to $942,000.

Messrs Grinspoon, Cooperman and Hess will continue in their present positions with MESA and have service agreements for three years. Mr Ron Marler, chairman of Electrocomponents, and Mr David Hall, a director of Electrocomponents, will join the board.

The directors of Electrocomponents see this acquisition as a development of the group's present distribution activities and an opportunity to participate in a rapidly expanding area of electronics in the U.S.

They also feel a presence in the U.S. provides the group with closer exposure to further possible business expansion there.

Beazer steps up stake in Blockleys

C. H. Beazer, the West Country building and property group, has had "some limited success in buying more shares" in Blockleys, the Telford specialist brick manufacturer, since it announced a stake of 5.5 per cent earlier this week.

Beazer has said that it does not envisage a full bid for Blockleys and confines itself to a target of 15 per cent, which it sees purely as "an investment holding." Its initial stake has been built up partly by purchases in the market and by acquisitions outside the Stock Exchange.

Industrial and Commercial Finance Corporation, adviser to Blockleys, has made it clear—contrary to our previous understanding—that it has not sold any part of its 18.88 per cent holding.

ICFC's holding forms part of a 50 per cent plus stake which includes family, board and associate interests known to have resisted any approaches to sell at Beazer's buying price of 180p per share. Beazer expects to stand in the market at this level until September 1.

Blockleys said yesterday that it had discussed the offer with its financial advisers and, independently, with its major shareholders. It stressed that neither party was interested in the present offer and that the board would recommend such a view to other shareholders.

ATLANTIS RESOURCES LE VALLONET

The offer by Atlantis Resources International to acquire the balance of the shares in Le Vallonet it does not already own has been accepted in respect of 277,183 ordinary shares (11.91 per cent).

Before the offer—which will remain open until August 26—Atlantis owned 1.366m shares in Le Vallonet (58.7 per cent).

Atlantis directors intend to procure the convening of the appropriate meetings of Le Vallonet to approve as soon as practicable the winding up of Le Vallonet.

CHARLES BOOTH

At the EGM of Charles Booth on August 12 the special resolution to reorganise the share capital of the company was passed and the new shares created have been allotted. Accordingly the offers by Hunting Gibson for Charles Booth are now unconditional in all respects.

WATSHAMS

Mr G. Tilling, the founder of Watsham's 75 per cent owned subsidiary, Industrial Pharmaceutical Service, has exercised his option to sell to the company his 25 per cent holding in IPS for £379,589.

The company will satisfy this consideration by the issue of new ordinary shares, which will be placed with institutional investors.

SHARE STAKES

Comet Group—As at July 19 1982 the Norwich Union Group of Companies held 2,060,398 shares (5.10 per cent).

Second Alliance Trust—The Standard Life Assurance Co. and Standard Life Pension funds hold 995,000 ordinary (5.182 per cent).

LONDON TRADED OPTIONS

August 12 Total Contracts 996 Calls 814 Puts 182

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	16	13	24	—	34	—	262p
BP (c)	280	9	1	14	—	24	1	"
BP (c)	300	4	2	8	3	—	—	"
BP (p)	280	30	—	34	1	42	—	"
CU (c)	120	17	—	20	5	—	—	133p
CU (c)	130	11	5	14	—	18	—	"
CU (p)	140	11	5	14	—	16	—	"
Cons. Gld (c)	420	6	23	18	—	24	—	394p
Cons. Gld (p)	360	9	—	20	1	—	—	"
Ctlds. (p)	80	5	7	8	—	10	6	78p
GEC (c)	1000	65	10	102	—	125	—	£10¼
GEC (c)	1100	25	8	47	—	73	—	"
Gr'd Met. (c)	214	34	3	59	—	—	—	247p
Gr'd Met. (c)	240	12	7	19	—	23	—	"
Gr'd Met. (c)	260	5	—	9	—	14	3	"
Gr'd Met. (p)	220	4	1	7	—	—	—	"
ICI (c)	330	1½	5	5	3	12	—	276p
ICI (p)	280	19	—	26	2	26	—	"
Mks & Sp. (c)	150	35	1	—	—	—	—	162p
Mks & Sp. (c)	160	10½	25	18	9	19	8	"
Mks & Sp. (c)	180	3	—	7½	10	11	8	"
Mks & Sp. (p)	180	21	5	22	—	24	—	"
Shell (c)	360	24	2	34	—	40	—	372p
Shell (c)	390	9	11	22	—	26	—	"
Shell (c)	460	1½	—	4	10	—	—	"
Shell (p)	360	12	1	14	2	18	—	"
		November		February		May		
Barclays (c)	390	14	—	19	3	38	1	386p
Imperial (c)	90	7	—	10½	—	12	1	94p
Imperial (c)	100	3½	8	5½	5	6½	1	"
Imperial (p)	90	3	—	4½	20	5½	—	"
Imperial (p)	100	11	—	12½	—	13½	—	"
Imperial (p)	110	20	1	20½	10	—	—	"
Lasmo (c)	300	37	34	50	2	65	—	309p
Lasmo (c)	330	22	63	37	1	—	—	"
Lasmo (c)	360	12	46	20	20	—	—	"
Lasmo (p)	280	4	2	7	—	15	—	"
Lasmo (p)	300	14	5	20	20	30	—	"
Lonrho (c)	70	21	10	22	—	—	—	89p
Lonrho (c)	80	11	124	13¼	—	16	10	"
Lonrho (c)	90	5½	181	7½	28	10	10	"
Lonrho (p)	70	1½	30	2½	—	—	—	"
Lonrho (p)	80	4½	—	5	—	8	10	"
Lonrho (p)	90	8	10	10	—	13	10	"
P & O (c)	140	13	17	17	—	20	—	144p
P & O (p)	140	6	20	10	—	14	—	"
Racal (c)	420	67	1	87	—	—	—	470p
Racal (c)	460	33	3	50	2	68	1	"
Racal (c)	500	12	8	26	—	45	—	"
Racal (p)	460	20	6	25	—	27	—	"
RTZ (c)	330	87	—	92	3	—	—	409p
RTZ (c)	390	35	2	47	1	57	4	"
RTZ (c)	420	24	31	37	—	47	—	"
RTZ (c)	460	8	10	18	—	—	—	"
RTZ (p)	360	8	1	14	—	—	—	"
RTZ (p)	390	20	3	30	—	40	—	"
RTZ (p)	460	62	2	65	3	—	—	"
Vaal Rfs. (c)	55	1¾	13	4¼	—	5	—	$58

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$350	4	1.10	41	18	—	—	$338
GOLD C	$375	2	0.30	10	9 B	—	—	"
GOLD C	$400	—	—	6	4.50 B	—	—	"
GOLD P	$300	—	—	—	—	8	10.50	"
GOLD P	$325	30	2.50	11	14	—	—	"
GOLD P	$350	—	—	5	26	—	—	"
GOLD P	$375	—	—	8	45.50	—	—	"
12¾ NL 81 87-91								
C	F.110	5	2.20	—	—	—	—	F.112.20
C	F.112.50	8	8.20	2	1.50	—	—	"
10¾ NL 80 86-95								
C	F.100	50	1.60	—	—	—	—	F.101.70
11¼ NL 82 88-92								
C	F.102.50	101	0.60	—	—	—	—	F.103.10
10½ NL 82 86-89								
P	F.100	—	—	250	1.20	—	—	F.100.20
		Oct.		Jan.		April		
ABN C	F.260	5	10.50	—	—	—	—	F.268
ABN C	F.280	—	—	1	6	—	—	"
ABN P	F.260	10	7	—	—	1	9	"
AKZO C	F.25	24	1.20	20	2	—	—	F.25.20
AKZO C	F.27.50	10	0.40	22	0.90	—	—	"
AKZO C	F.30	—	—	10	0.50	—	—	"
AKZO P	F.22.50	—	—	5	0.70	—	—	"
AKZO P	F.25	1	1 A	—	—	—	—	"
AMRO C	F.40	5	3	—	—	—	—	F.41.30
AMRO C	F.45	—	—	8	1.50	—	—	"
AMRO C	F.55	4	0.10	—	—	—	—	"
AMRO P	F.40	101	2.20	7	2.50	10	2.50	"
AMRO P	F.45	20	4.70B	1	5.30	—	—	"
HEIN C	F.60	1	5	—	—	1	7.40	F.64.20
HEIN C	F.65	5	2	5	3.20	—	—	"
HEIN P	F.65	4	2.80	—	—	—	—	"
IBM C	$65	5	2 A	—	—	—	—	$62¼
IBM P	$60	10	1⅜	12	2½	—	—	"
IBM P	$65	2	4	—	—	—	—	"
KLM C	F.80	46	8.50	9	10.40	2	12	F.86.80
KLM C	F.90	104	3.20	38	5.50 A	7	7.80	"
KLM C	F.100	469	1.20	55	2.50	—	—	"
KLM C	F.110	70	0.70	—	—	—	—	"
KLM P	F.80	501	1.40	16	3	3	4.80	"
KLM P	F.90	136	6.30	—	—	—	—	"
KLM P	F.100	10	13	—	—	—	—	"
NEDL C	F.110	2	3.10 A	—	—	—	—	F.107.50
NEDL C	F.120	3	0.80	—	—	—	—	"
NEDL P	F.100	10	1.60	—	—	—	—	"
PHIL C	F22.50	4	1.60	—	—	—	—	F.23.30
PHIL C	F.25	—	—	50	0.90	—	—	"
PHIL P	F.22.50	—	—	10	0.90	—	—	"
RD C	F.80	6	3.50	10	5	7	6.50	F.81.50
RD C	F.90	60	0.70	50	1.70	10	2.50	"
RD C	F.100	2	0.20	21	1.70	—	—	"
RD P	F.80	85	3	16	3.70 A	3	4	"
RD P	F.90	—	—	—	—	2	11.80	"
UNIL C	F.150	5	5	—	—	—	—	F.150.90
UNIL P	F.150	1	9.30	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2,672

A=Asked B=Bid C=Call P=Put

Big coal and iron ore ventures attract finance

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH the world mining industry is going through a depression possibly worse than that of the 1930s, it is still able to raise huge amounts of financing for new ventures. Coal is especially well placed in this respect because of its continuing good market but even iron ore, which is in heavy over-supply, can find backers.

Latest news on the coal front is that project financing of the equivalent of US$450m (£265m) has been arranged for the big Blair Athol coal mine in central Queensland. Total capital expenditure for the Australian venture will be approximately A$500m (£288m) and will include port, rail and mine facilities together with water supply and housing.

Partners in Blair Athol are: CRA (50.22 per cent), Atlantic Richfield (15.39 per cent), ACI Resources (12.195 per cent), Bundaberg Sugar (12.195 per cent) and Electric Power Development and Japan Coal Development (10 per cent).

The lenders consist of 16 major international banks with the Bank of Montreal as the agent bank. The First Boston Corporation acted as financial advisers to the borrowers.

The Blair Athol project will involve expanding the open-cut mine to an annual capacity of 5m tonnes of coal with the possibility of further expansion.

A sales contract has been signed with Electric Power Development and Japan Coal Development for the supply of 72m tonnes of coal to Japanese power stations over 15 years, starting in the second quarter of 1984. Construction is on schedule and within budget.

Meanwhile, it is reported from Brasilia that Mr Antonio Delfim Netto, Brazil's Planning Minister, will be in Washington today to sign for a $304m loan from the World Bank for the giant Carajas iron ore project of the state-owned Companhia do Vale do Rio Doce in the Amazon Basin.

Costing some $4.5bn, the Brazilian project is designed to produce 35m tonnes of iron ore annually by 1987.

The loan is part of a $1.5bn financing package assembled by the European Community, Japan, West Germany and the World Bank.

The credits will go towards the construction of a railway, port and the development of an iron ore mine at Carajas in the eastern Amazon, where iron ore reserves have been estimated at an awesome 18bn tonnes.

The World Bank said that its loan runs for 15 years, including three years' grace, and would carry interest at 11.6 per cent. It is guaranteed by the Brazilian Government.

Japan, the European Coal and Steel Community, Kreditanstalt fur Weideraufbau, the U.S. Export-Import Bank and European and Japanese export credits will also provide a total of $1.36bn.

In addition there will be local funding of $2.9bn and $200m of commercial bank co-financing.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Algemene Bank Nederland, Alliance Trust, Ault and Wiborg, Automotive Products, Manor National Group Motors.

Finals: Kennedy Smale, Sunmeh Valley.

FUTURE DATES

Interims—	
BBA	Aug 26
Corah	Aug 19
Early's of Witney	Sept 17
Noble and Lund	Aug 19
Peninsular and Oriental Steam Navigation	Sept 8
Finals—	
Boardman (K.O.) International	Aug 17
Haynes Publishing	Sept 10
Heelamat	Sept 1
Reardon Smith	Aug 16
Second Alliance Trust	Sept 3

Glorious Twelfth in the outback

WHILE others were celebrating August 12 in the traditional manner of shooting grouse on Scottish moors, in Australia partners Pancontinental Mining and Getty Oil were celebrating the final granting of a mineral lease for the development of their big and high grade Jabiluka uranium deposit in the remote Northern Territory.

They too, however, are under fire. It comes from the opposition Australian Labor Party which is against new uranium mines, while the labour unions no doubt also have mixed feelings.

Then there are the charges of shot emanating from other observers who, considering the depressed state of the market for uranium oxide, doubt Jabiluka's chances of securing sufficient long term supply contracts to back the financing of the project which could be in the region of A$600m (£344m).

They point to the highly competitive state of the market for the material where spot supplies are seeking buyers at around $22 per pound, well below the minimum export price of some $30 currently required by the Australian Government.

There is also the little matter to be sorted out of the U.S. Getty Oil's stake of 35 per cent in Jabiluka. This breaches Australian guidelines on foreign investment which require a minimum 75 per cent domestic ownership of uranium projects.

But these considerations were not allowed to spoil the day for which the Jabiluka partners have been waiting since their initial discovery of the deposit back in 1971. After all, they have one of the world's largest deposits of uranium which contains some 207,000 tonnes of the material, not to mention some 12 tonnes of by-product gold.

So Mr Tony Grey, chairman of Pancontinental said, proudly, that the mineral lease, which has been issued for an initial term of 42 years, marked the final Government approval for Jabiluka which, because of its size and anticipated long mining life, was a significant development by world standards.

He also thoughtfully pointed out the benefits in employment that the project would bring.

Mr H. Edward Wendt, vice president and general manager of Getty's minerals division was moved to observe: "This lease culminates 11 years of continued commitment by Pancontinental and Getty and clearly demonstrates the faith that we have in the project and in the future of the uranium industry."

And to underline their faith, the partners are optimistic that sufficient sales contracts can be signed to permit construction of the project to begin during the dry season of 1983 (May to December) with production beginning late in 1987.

N. Kalgurli plans to raise gold output

SOME lifting of the clouds over North Kalgurli comes with the news that it plans a 30 per cent increase in production for at least for the six months from September—from its Fimiston gold mine in Western Australia thanks to the discovery of 65,000 tonnes of ore grading an average 5.7 grammes gold per tonne at the Kemlo No. 2 lode.

It is reckoned that the new ore could be treated from open-pit operations at a rate of 10,000 tonnes per 28-day period, starting next month. This, together with other production, is expected to provide over 22,000 tonnes of monthly mill feed.

The company is considering the expansion in monthly capacity at the Croesus mill to 28,000 tonnes from the present 22,000 tonnes. In order to ensure continuity of ore supply at the higher rate it will be necessary to develop additional ore.

Planning is thus advanced for an accelerated underground development programme and a review of old mine data has resulted in the identification of at least nine separate targets. Drilling to determine the size and grade of the targets continues.

Following the battle earlier this year when Metals Exploration managed to raise its stake in North Kalgurli from 20 per cent to 25 per cent, a serious deterioration was disclosed in the latter's finances.

Rio Tinto loss in Zimbabwe

RIO TINTO LOSS IN zimbabwe AN OPERATING loss of Z$3.85m (£3m) for the six months to June 30 compared with a profit of Z$1.15m in the same period of last year is reported by Rio Tinto Mining (Zimbabwe). The net loss, after tax adjustment, comes out at Z$1.63m against a profit of Z$557,000 a year ago.

Weak metal prices, production problems and industrial unrest contributed to the latest poor result.

The company states that negotiations with Zimbabwe's Ministry of Mines regarding assistance are, hopefully, now close to finalisation. The principle of assistance for the mining industry has been agreed by government and the funds are available.

Foreign and Colonial turns in net £2.98m

Available net profit at the Foreign and Colonial Investment Trust Company rose from £2.67m to £2.96m in the half-year to June 30 1982. Gross revenue was lower at £6.75m against £7.24m, with franked income accounting for £3.14m compared with £2.79m, and unfranked income falling from £4.45m to £3.61m.

Management expenses and interest charges totalled £1.98m against £2.91m, leaving pre-tax revenue up from £4.33m to £4.77m. There was a tax charge of £1.79m (£1.66m). Preference stock dividends took £47,000 (same) and ordinary dividends absorb £1.97m (£1.64m). The interim dividend is raised from 0.625p to 0.75p net to reduce disparity between interim and final—last year's total was 2.035p.

Net assets attributable to ordinary shareholders dropped from £250,166 to £215,452, and the net asset value per 25p ordinary share was 82p (95.3p) prior charges at nominal value, and 84.2p (97.5p) prior charges at market value.

Th directors say the revenue account continues to make progress.

Anglo-Intl. Tst. advances to £211,000

Net revenue of the Anglo-International Investment Trust advanced from £168,000 to £211,000 in the first half of 1982.

The interim dividend is being raised from 2p to 2.5p net per 25p share to reduce the disparity between it and the final—last year a total of 5.2p was paid.

Net asset value per share on June 30 is given as 298p (328p), when 56.1 per cent of total assets was invested in the UK, 35.4 per cent in the Far East, 2.5 per cent in the U.S., 2.7 per cent in South Africa and 0.5 per cent in Spain.

Very buoyant summer season at Intasun

Intasun Leisure Group has had an extremely buoyant summer, and with a recent upsurge in demand, has had to lay on extra flights. Mr Harry Goodman, chairman, told shareholders at the AGM. The load factor was in excess of 92 per cent.

However, bookings for coming winter season were disappointing, and currently below those of last year, he reported.

Nevertheless, he would be disappointed if group pre-tax profit for year to March 31 1983 did not reach a level similar to that achieved last year.

Taddale ahead: placing planned

Taddale Investments has reported pre-tax profits for the yea rto end April 1982 of £1.1m, compared with £0.4m. The company is known for having brought Munton Brothers to the stock market in March 1981. In March this year, Taddale spun off its joinery business, Platonoff and Harris, reversing it into Dhamai Holdings, which was then renamed PH Industrials.

Taddale stoill holds 20 per cent of Munton and 40 per cent of PH Industrials.

Taddale is not itself quoted. At present a placing of 4m shares is being arranged, which will raise approximately £1m, increasing the issued capital by just under a fifth. The directors are considering seeking some form of quotation for the shares during the next year or two.

Public Works Loan Board rates

Effective August 11

	Quota loans repaid			Non-quota loans A* repaid		
Years	by EIP†	A‡	at maturity§	by EIP†	A‡	at maturity§
Up to 5	11⅞	12	12⅛	12⅞	13	13⅛
Over 5, up to 6 ...	12⅛	12⅛	12¼	12⅞	13	13⅜
Over 6, up to 7 ...	12⅛	12¼	12¾	12⅞	13	13⅜
Over 7, up to 8 ...	12¼	12¾	13	12⅞	13	13⅜
Over 8, up to 9 ...	12⅜	12⅞	13⅛	12⅞	13	13⅜
Over 9, up to 10 ..	12⅜	12⅞	13¼	12⅞	13	13⅜
Over 10, up to 15	12⅞	13¼	13⅛	13⅜	13⅜	13⅜
Over 15, up to 25	13¼	13¼	13⅛	13⅜	13⅜	13⅜
Over 25	13¼	13¼	13¼	13⅜	13⅜	13⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Trafford Carpets in profit for year

IN THE year to March 31 1982 Trafford Carpets (Holdings) turned round from a pre-tax loss of £174,000 to a profit of £44,000, on turnover reduced from £2.96m to £2.38m.

At halfway, with pre-tax profits of £43,000 (loss £109,000), the directors of this close company said that the figures reflected the benefits from reorganisation and cost-cutting effected earlier in the year.

However, after second-half profits of only £1,000 (loss £65,000), the directors are again not recommending a dividend. Earnings per 25p share of this carpet manufacturer and kraft yarn spinner and weaver are stated at 3.08p (loss 12.11p).

Depreciation costs for the year came to £20,000 (£15,000), directors' remuneration took £19,000 (£29,000), leasing costs were £7,000 (£11,000), and interest charges totalled £36,000 (£70,000).

There was no tax charge. Last year saw an exceptional credit of £11,000.

Berry Pacific (Sterling) at £49,896

Net income of the Berry Pacific (Sterling) Fund for the three months to June 30 1982 came to £49,896, compared with £173,992 last time. No dividend is proposed.

This Channel Islands-based concern is an open-ended investment company which provides UK residents a medium to invest in the Berry Pacific Fund of Bermuda without having to borrow foreign currency. Berry Pacific Fund in turn is an open-ended investment company most of whose assets are invested in securities listed on Japanese stock exchanges.

Net assets at offer valuation equivalent to all shareholders' equity as at June 30 were £14.96m, while the value of shares held in the Berry Pacific Fund amounted to £14.74m representing 23.09 per cent of the issued shares, against 22.32 per cent last time.

RANK SALE

Rank Organisation has sold its Wharfedale hi-fi loudspeaker manufacturing operation for an undisclosed sum to Tradewest, a newly formed UK company. The operation was closed by Rank on July 23.

Deputy chairman for General Accident

Mr David A. Blaikie has been appointed a deputy chairman of the GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION. He is a former chief general manager, and has been a director since 1971.

★

Mr H. Eugene Lockhart joins THE BOWRING GROUP on August 16 as group director—management services. He will have full functional responsibility for all systems and communications throughout the group. Mr Lockhart was previously managing principal—Europe of Nolan, Norton and Co., management consultants.

★

Mr Barry Pain, Chief Constable of Kent, has been appointed an Inspector of Constabulary and will serve as commandant of the POLICE STAFF COLLEGE, Bramshill. He will succeed Sir Kenneth Newman, who becomes Metropolitan Police Commissioner in October. Mr Pain has been Chief Constable of Kent since 1974. He joined Birmingham City Police as a constable in 1951. He is the current president of the Association of Chief Police Officers.

★

Mr P. L. Rome has retired as deputy chairman of MORGANITE INTERNATIONAL.

★

Mr T. L. F. Royle has been appointed chairman of CONTROL RISKS GROUP. This company comprises two operating companies, Control Risks and Asset Protection International. Both companies were formerly included under the name Diversified Management Services.

★

Mr D. C. R. (Des) Thomson has been appointed managing director of TOSHIBA CONSUMER PRODUCTS (UK), Plymouth-based colour television manufacturing subsidiary. He succeeds Mr Kaz Kemada, who becomes deputy chairman. Mr Thomson was formerly director of manufacturing operations at Coventry Climax.

★

Mrs Jean Wadlow, managing director, Wadlow Grosvenor Productions, has been appointed to the SIMPLIFICATION OF INTERNATIONAL TRADE PROCEDURES BOARD (SITPRO). Mr H. V. J. Brooks, a founder member, has resigned from the SITPRO board following his retirement from Unilever; and Mr G. C. T. Bridges has resigned from the board following his transfer within British Airways.

★

At DAIHATSU UK three promotions have been made. Mr Maurice Rourke, moves to sales director from sales manager; Mr Martin Johnston, to after sales director from after sales manager; and Mr John Dean, to financial director from financial controller.

★

Mr Mike Edwards, sales director of EMI Records (UK), has been appointed director European operations, Capitol/EMI America/Liberty Records Group to succeed Mr Kick Klimble who becomes managing director, EMI Austria. To succeed Mr Edwards from September 6 as general manager sales EMIR (UK) is Mr Andy Trotter, currently national sales manager.

Mr Mike Edwards, director European operations of Capitol/EMI America/Liberty Records Group

★

The Prime Minister has appointed Sir Henry Chilver as chairman of the Advisory Council for Applied Research and Development (ACARD) in succession to the late Dr Alfred Spinks. Sir Henry was previously deputy chairman, and is Vice-Chancellor, Cranfield Institute of Technology. Other new members are Dr D. V. Atterton, chairman, Foseco Minsep; Professor Sir Hans Kornberg, Professor of Biochemistry, University of Cambridge; Mr P. C. Michael, chairman and managing director Micro Consultants; Lord Scanlon, formerly chairman, Engineering Industries Training Board; and Profesor J. M. Thomas, Professor of Physical Chemistry, University of Cambridge.

★

Mr Douglas Ebdon, chief accountant with South West Gas at Keynsham for the last two years, has taken over as director of finance with SOUTHERN GAS at the Southampton headquarters. Before joining South West Gas, Mr Ebdon was chief accountant administration with British Gas in London.

★

Three main board members have been appointed by HILL AND DELAMAIN. Mr Patrick Burke, previously director and general manager—air cargo division, becomes director responsible for Africa and shipping. Mr Cyril Howard, who joined the company in April as group commercial manager-designate, becomes director responsible for H+D Cargo UK. Mr Walther Nahr, managing director H+D, Hong Kong since 1977, becomes director responsible for the Pacific basin area. The appointments follow the recent resignations of joint managing directors Mr Peter Hill and Mr Nick Delamain. Hill and Delamain Cargo is part of the United Transport Group.

ted Mr Peter Judson as general

★

Mr Christopher Benson, vice-chairman and managing director of MEPC has been appointed a member of the PROPERTY ADVISORY GROUP.

★

Joining the board of CSE AVIATION, Oxford, are Air Vice-Marshal Peter A. Latham, principal, Oxford Air Training School; Mr Rex Pontin, director, product support; and Mr Michael M. Winand, director, finance.

★

Mr G. P. Wilton has been appointed managing director of sterling money brokers BUTLER TILL. Mr S. Mackenzie and Mr F. Woodford have been appointed assistant directors, while Mr G. Davies, Mr R. Jenkins, Mr D. night and Mr W. Sargeant have becomek managers and Mr M. Clarke, Mr N. Dilley and Mr B. Milner-Smith assistant managers. Mr D. Brown has been appointed manager of the Butler group's Eurobond broking subsidiary, Guy Butler (Europe).

★

Mr Bernard Winsor has been appointed managing director of DEVON CONVERSIONS. He takes over from Mr Ray Dillon who has left Devon Conversions having bought a chain of garages in she West Country, previously owned by Devon's sister company, within the Renwick Group.

INTERNATIONAL APPOINTMENTS

Top posts created at ANZ Bank

● ANZ BANK, Melbourne, has made changes to its management structure: Two chief general manager posts have been created as the next most senior posts after the managing director. These posts are to be filled by Mr R. T. Brunskill and Mr A. G. Kilpatrick. Mr Brunskill will retain oversight for branch banking activities and Mr Kilpatrick for corporate and international banking activities.

Four general managers have also been established as the next level of seniority below chief general manager. These posts will be filled by: Mr W. J. Bailey as general manager, management services; Mr B. B. Dickinson as general manager, funds management; Mr D. (Jim) Nicolson as general manager, branch banking; and Mr R. A. D. Nicolson as general manager, corporate and international banking.

Mr John Hogarth has been appointed general manager Esanda, ANZ's main finance subsidiary. Mr Hogarth is deputy general manager of Esanda. Mr P. G. Gilbert has been appointed general manager of the bank's New Zealand banking subsidiary to replace Mr Nicolson who is one of the new general managers in the Melbourne headquarters.

● Mr Paul L. Klein has joined Playboy as the president of PLAYBOY CABLE NETWORK. Mr W. Russell Barry, president of Playboy Productions, has resigned but will continue to work with Playboy to aid Mr Klein in the transition and to complete development work on several potential television network projects that originated under his direction.

● Mr Helmut J. Delille has been named president of MERRILL LYNCH METALS INC., a wholly-owned subsidiary of Merrill Lynch Commodities Inc. Mr Victor R. Silano, vice president and director of trading for Merrill Lynch Commodities, who temporarily held the titles of both president and chairman of Merrill Lynch Metals, will continue as chairman. Before joining Merrill Lynch Metals, Mr Delille was president and owner of Mint Metals and Minerals Inc., of New York City.

● Mr Lawrence J. McCabe has been elected vice president-associate general counsel of H. J. HEINZ COMPANY. He was director of legal affairs.

● TEXASGULF INC has made the following changes: Mr Thomas J. Wright, vice president of Texasgulf and president of Texasgulf Chemicals based in Raleigh, N.C., has been elected a senior vice president of Texasgulf. Mr Michael A. Rapaccioli, president of Elf Aquitaine, Inc, will become a senior vice president of Texasgulf and chief financial officer on October 1. He will assume the responsibilities currently held by Mr Walter F. Meyer, senior vice president and chief financial officer, who will retire on October 1.

● BUHRMANN-TETTERODE NV is to appoint Dr Th.A. Vervoort as a member of the board of managing directors from November 1 responsible for distributive trade and publishing. Since 1980 he has been a member of the board of managing directors of Samas Groep NV.

THE TRING HALL USM INDEX
126.2 (no change)
Close of business 12/8/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
540-545 (−2)

CONTRACTS

Big job in Venezuela

WORLEY ENGINEERING has been engaged to by Maraven SA, a subsidiary of Petroleos de Venezuela SA, to provide assistance in the project management and technical development aspects of its Bachaquero heavy oil development project, located south-east of Lake Maracaibo in the State of Zulia. This will use steam injection to increase production from approximately 50,000 b/d of heavy crude and 22m cu ft a day of associated gas to a maximum potential of about 200,000 b/d crude and 100 mcfd of gas. The current estimated cost of the facilities exceeds $350m (£199.7m) to be expended over a period of four to five years. Detailed engineering, procurement and construction management for the steam injection, crude/gas collecting and gas sales facilities will be performed by four Venezuelan engineering companies under the supervision of the Maraven/Worley project management team in Maracaibo, Venezuela. Worley Engineering is a member of the William Press Group.

★

A CONTRACT to make several thousand sub-systems of the MIRA thermal camera for the Milan anti-tank missile has been placed with MARCONI SPACE AND DEFENCE SYSTEMS. The initial batch is for 500 systems, for delivery by mid-1983, with the rest to be delivered by the end of 1986. The cameras are to be made as part of a three-nation agreement with the prime contracting responsibility of TRI, working with Siemens and Marconi under a main contract of MBB.

★

VICKERS FLUID POWER, Swindon-based hydraulics division of Vickers, has been awarded a contract valued at over £1.2m by the Property Services Agency for the design, supply, installation and commissioning of an aircraft hydraulic ring main test system in West Germany for the RAF.

★

THE UNIPART GROUP has acquired the former Triumph factory at Canley to provide additional storage facilities. The site comprises buildings with a total floor area of 140,000 sq metres and internal heights from four to ten metres.

A contract, for the provision of space heating and associated mechanical services worth £1.2m, has been awarded to the CONSTANT AIR SYSTEMS GROUP. The Constant Air Systems Group will be responsible for the design, manufacture and installation of a total of 22 direct fired, high temperature, high velocity, warm air heating systems together with the modernisation of the office heating, new hot water services, gas distribution mains and a number of warm air door curtains.

★

RENTOKIL has placed an order worth over £500,000 with ICL for 38 distributed processing systems based on the DRS20 Model 10 and Model 50 multi-microprocessors, plus associated printers and systems software. They will be used to provide advanced data processing facilities in each of the 37 branch offices of Rentokil's pest control division throughout the UK, and at the Group's head office in East Grinstead, Sussex.

★

THE BRITISH garrison stationed in the Falkland Islands are to use portable accommodation units from WYSEPLAN of Bridlington. Some of the garrison will shortly be housed in 125 of a total of 205 accommodation units which were shipped to Port Stanley in mid-July. The remaining 80 units are ready for shipment.

★

HARLAND SIMON (1980) has been awarded contracts worth over £750,000 for the supply, refurbishing, installation and commissioning of electrical equipment to be installed at Ellesmere Port by Consolidated Bathurst on the Bridgwater project. The equipment will be used in the manufacture of newsprint on the site which has been acquired from Bowater UK Paper Co.

★

THE SWISS BANK CORPORATION has ordered a second Tandem NonStop computer-based ADS 365 message switch system from SPL INTERNATIONAL for installation at the bank's headquarters in Basle. Valued at £240,000 this configuration will be used for development, testing and training throughout 1982 before being shipped to another installation site in Switzerland early next year.

UTAH DEAL WILL BOOST CRUDE RESERVES

Mobil in joint oil production venture

BY PAUL BETTS IN NEW YORK

MOBIL, THE second largest U.S. oil company, has agreed to acquire a 50 per cent working interest in a portion of the oil holdings of Anschutz Corporation, a privately held Denver-based company.

Mobil has not disclosed the value of the deal, but industry experts suggest a figure of about $500m.

The holdings, known as the Anschutz Ranch East Field in Summit County, Utah, are in one of the largest oil fields in the Rocky Mountains. They were discovered in 1979, and have estimated recoverable reserves of between 1bn and 1.2bn barrels.

Mobil also said it was acquiring about 250,000 net acres of exploration leases from Anschutz.

The move by Mobil is part of a growing trend in the U.S. oil industry which is seeing the oil majors teaming up with smaller concerns in joint production deals. The trends stem from the current cash problems of the smaller companies.

Mobil has for some time been seeking to increase its domestic U.S. oil and gas rserves. In the past year it has attempted unsuccessfully to acquire two major oil companies—Conoco and Marathon Oil.

The deal with Anschutz is modest in comparison to Mobil's earlier multibillion dollar takeover attempts, but will nonetheless give it an additional 100m barrels of oil reserves.

At the same time, the friendly transaction does not involve any anti-trust complications which scuttled Mobil's earlier takeover attempts.

For Anschutz, the Mobil deal will inject useful cash to develop the Denver group's property and maintain its other interests in the Rocky Mountains.

The trend of large companies linking with smaller ones in cash-for-production swaps was started last year by Texaco, the country's third largest oil company.

Like Mobil, Texaco has been trying to enhance its domestic oil and gas reserves. It saw the anti-trust obstacles to a major oil takeoer, and thus started negotiating a long string of cash for production agreements.

The current oil glut, high exploration costs, and a squeeze on cash flow has been causing growing problems for smaller energy concerns.

This has been compounded by the reluctance of banks to lend money to smaller energy companies after the severe losses they have suffered from the collapse of teh Penn Square Bank of Oklahoma City.

During the past few weeks, Nucrop, a Californian oil field service company, and Dreco Energy Services, a Houston oil rig builder, have filed for protection.

Chapter 11 group owes Crocker $32.7m

By Paul Taylor in New York

CROCKER NATIONAL Bank, the California-based bank which is 54 per cent owned by Midland Bank of the UK, yesterday confirmed that it has $32.7m in loans outstanding to a Houston-based oil equipment company which has filed for protection under Chapter 11 of the U.S. bankruptcy code.

Texas Oilfield Supply Industries (TOS Industries) filed for protection on Monday under the code which allows a company to continue operations while it attempts to work out a plan to satisfy creditors.

In its filing, TOS, which had sales of $145m in the last financial year and is one of many energy supply and service companies which have run into financial troubles because of the fall in oil prices, listed assets of $89m and liabilities of $51m.

TOS is 10 per cent owned by Mr Bill Jennings, chairman of Penn Square, recently failed Oklahoma City Bank whose collapse sent shock waves through the U.S. banking system.

According to the Chapter 11 filing, TOS had $1.25m outstanding in loans from Penn Square, and also owes $14.8m to Continental Illinois Bank, one of several banks which has been forced to make substantial loan loss provision as a result of the Penn Square collapse.

Crocker, which emerges as TOS's biggest creditor, said yesterday that its $32.7m in loans to TOS were secured by receivables and inventories—mostly of pipes and drilling equipment which at the time of the filing "were in excess of two times the value of the loans."

However, the bank said that in view of the decline in the energy business, "We can not determine the value of the collateral today."

Crocker has filed another suit against TOS and four of the company's directors and officers. This seeks to block the sale of any assets pledged to the bank under the loan agreements. The bank alleges in the same suit that in four instances, TOS has already diverted assets pledged to the bank as collateral.

Crocker National stressed yesterday that the loans to TOS were unique in that they were handled by the bank's asset-based lending division, which handles outstanding loans of about $1bn, and not the energy department. As such, Crocker said it did not consider the loans to TOS to be energy loans, and added that it did not have any major problems with its energy portfolio.

The hearings on the two filings to the bankruptcy court are expected shortly.

Last month, Crocker National, the bank's holding company, revealed a sharp increase in the volume of its assets not producing income and blamed the rise for a 30.2 per cent decline in second quarter income. Most of these non-performing loans, however, relate to property.

Italian railway withdraws Swiss franc Eurobond

BY ALAN FRIEDMAN

FERROVIE DELLO STATO, the Italian state railway, has withdrawn a planned SwFr 100m foreign bond issue because the terms demanded by Swiss managers were seen as too high.

Soditic was scheduled to launch the Ferrovie issue on August 18. It was to have been a two-tranche deal, with one portion bearing a fixed coupon and the other a floating rate note. Soditic had told Ferrovie it would have to pay a fixed coupon of 8 per cent, a significant premium over the interest being paid by quality names in the Swiss franc bond market.

The Bank of Italy said yesterday it had expressed its opinion to Ferrovie that it would be better to postpone the issue than to pay an 8 per cent coupon. The bank said the Ferrovie issue could come in the autumn.

The Bank of Italy has since last year been attempting to run an informal queuing system for Italian borrowers in the Euromarket in order to regulate the flow of issues.

Elsewhere in the Swiss franc foreign bond sector, prices closed unchanged yesterday after a day of quiet trading. A SwFr 100m nine-year issue is being launched for the Swedish Export Credit Corporation (SEK) through Credit Suisse. Indicated yield is 7¼ per cent.

A SwFr 50m convertible bond is being placed privately for Fujitec, the Japanese lift manufacturer. The five-year paper bears an indicated 6¼ per cent coupon at par through Swiss Bank Corporation.

In the Eurodollar bond market, prices were unchanged to slightly higher last night after another day of negligible trading activity. Warrants on the new Du Pont, Xerox, Manufacturers Hanover and other issues have become virtually unsaleable as a result of market worries about pending U.S. legislation which could affect Eurobonds.

The U.S. legislation, being considered in the Congress, would prohibit paying agents in New York and would tighten U.S. Government controls so that U.S. holders of Euromarket bearer bonds might have to pay taxes. With this legislation up in the air the Euromarket is uncertain about the status of warrants, which permit holders to buy bonds in future.

In the Canadian dollar sector a C$50m six-year 16¾ per cent bond is being prepared for the Province of Quebec. Societe Generale will launch the issue today.

● Standard and Poor's, the U.S. bond rating service, said yesterday it had cut the rating on external debt obligations of the Republic of Venezuela from Triple A to Double A. The adjustment reflects "several years of sluggish economic performance, the negative impact of recent oil market developments and a sizable foreign debt burden."

Interest costs hit Genstar

By Our Financial Staff

HIGH INTEREST charges and the depressed real estate market left Genstar, the Canadian-based financial services, real estate and construction materials group, with a loss in the second quarter.

The deficit of C$24.5m (U.S.$19.5m) or 97 cents a share compared with profits last year C$40.8m or C$1.17 a share.

But the company, which has extensive U.S. interests, expects to return to profits in the second half.

Net losses for the first half were C$45.28m or C$1.81 a share against profits of C$61.01m or C$1.67 a share.

Colt provision leads to loss

By Our Financial Staff

COLT INDUSTRIES, the diversified industrial products company, disclosed that it has made a provision of $193m in its second quarter figures for the disposal of its Crucible Stainless and Alloy division.

Last month the company reported net profits from continuing operations for the quarter of $28.17m or $1.10 a share, against $39.35m or $1.42.

Colt, however, was expected to incur a substantial write-off on the sale of Crucible Stainless and Alloy. The provision has left a final net loss for the quarter of $164.83m.

U.S. Woolworth still in the red

BY OUR NEW YORK STAFF

F. W. WOOLWORTH, the U.S. retailing giant, continues to operate in the red. The company reported yesterday that it made a net loss of $9m, equal to 31 cents a share, in the second quarter of this year, which brings its net loss for the first half to $25m, or 87 cents a share.

In the first six months of last year it lost $13m, though some special gains brought the final tally to a profit of $18m, or 56 cents a share.

Earlier this week, F. W. Woolworth of the UK, 52.6 per cent-controlled by the U.S. group but whose figures are not consolidated by the New York parent, reported a pre-tax loss of £4.9m ($8.3m).

The consolidated companies actually incurred second quarter losses of $8m compared with a profit of $4m in the same period of 1981. Woolworth lost $2m in equity income from its British subsidiary but this was partially offset by equity income of $1m from its Mexican subsidiary.

Sales of consolidated companies amounted to $1.74bn in the three months to July 31, up 1.5 per cent from 1981's corresponding $1.72bn. This brought the half-year total to $3.29bn, against $3.27bn.

Mr Edward Gibbons, chairman, said of the outlook that consumer spending had not picked up despite the recent income tax cut. But economists agreed that the economy is at or near it's low point. "Our experience in the second quarter suggests that the worst of the quarterly comparisons may be behind us," he said.

While operating income for Woolworth's general merchandise units deteriorated for the six months, the rates of decline for the U.S. Woolworth-Woolco and German operations were reduced sharply in the second quarter and the Canadian operation showed improved operating income over last year's second quarter.

Kinney Shoes and other speciality operations in the aggregate reported increases in operating income during the second quarter and six months.

KLM lifts second-quarter profits

BY WALTER ELLIS IN AMSTERDAM

LARGE-SCALE gains on foreign exchange dealings have enabled KLM, the Dutch state airline, to record a net profit for the three months April-June this year of Fl 32.5m ($11.7m)—a 55 per cent increase on the same period in 1981.

KLM, like several other Dutch companies with significant international operations, has benefited greatly from this year's sharp rise in the worldwide value of the dollar. Between April and June, profit from foreign exchange alone totalled Fl 4.1m, compared with a loss during the same quarter last year of Fl 21.3m.

However, on an operating basis the airline continues to struggle, and operating cash flow is running at half the level needed to meet repayments on planned investment.

Next year, KLM takes delivery of its first airbuses, and it is worried that it will be unable to generate the cash to pay for them without taking "special measures."

Profits for the third quarter to September are expected to be high, with the dollar firm and with extra flights and charters to keep the cash coming in. But with the onset of winter, business will slacken.

The company is doing better financially than many of its rivals: problems however, have not disappeared. Operating income for the second quarter was Fl 1.2bn, compared with Fl 1.1bn in the same period last year, while costs rose to Fl 1.17 bn, against Fl 1.05 bn.

Sama seeks debts claims on Saudi money changer

BY OUR EUROMARKETS STAFF

THE SAUDI Arabian Monetary Agency (Sama) has asked foreign banks and companies involved with Abdullah Saleh Al-Rajhi, the Saudi money changer, to submit formal claims for debts in writing.

Thomas Cook, the Midland Bank travellers cheque subsidiary which is owed $5.5m by Al Rajhi, yesterday confirmed that Sama was now compiling a list of the Damman-based company's liabilities.

Sama officials are members of a government-appointed committee which was authorised to liquidate the Al Rajhi business in Dammam after it failed to meet obligations of around $30m to foreign banks and firms.

Among other banks with claims on the Saudi money changer are Kredietbank of Belgium, which is seeking more than $250m as a result of silver bullion speculation losses and financing costs. The Bangkok Bank, Lloyds Bank International and National Westminster Bank are among Abdullah Saleh Al Rajhi's other creditors.

In Kuwait meanwhile, the Burgan Bank said it wished to clarify its involvement with the Al Jassar and Al Rajhi, a Kuwait money changer and trevellers cheque business.

Mr Alfred Beadleston, deputy general manager, said the bank's only involvement with the Kuwait partnership was "an account relationship."

Daiei bond rescheduling

By Our Euromarkets Staff

DAIEI, Japan's largest retailer, is seeking a rare Eurobond rescheduling in order to avert foreign exchange losses. It is trying to extend a five-year SwFr 100m private placement, arranged in May 1977 for another five years, according to Daiwa Securities, lead-manager of the placement.

The bond, which has a 5 per cent coupon, is a convertible issue which offers holders the option of converting into Daiei equity. But because of the company's weak share price in Tokyo, a total of Sw Fr 88.6m of the bond remains unconverted.

The coupon rate on the Daiei paper is expected to be increased to around 7½ per cent if the five-year extension is agreed.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on August 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	102⅝	103⅛	−0⅛	−0⅛	13.87
Amax Int. Fin. 16¼ 92	75	100⅛	100⅝	0	+0⅛	16.11
Amex O/S Fin. 14¼ 89	75	96⅞	97⅜	+0⅛	−0⅛	14.97
ATT 14⅞ 89	400	102⅝	103⅛	−0⅛	−0⅛	13.51
Baker Int. Fin. 0.0 92	225	26⅞	26⅞	0	−0⅛	15.00
BHP Finance 14⅛ 89	150	97⅛	97⅝	+0⅛	−0⅛	15.35
Bk. Amer. NT SA 12 87	200	92⅛	92⅞	+0⅛	+0⅛	14.21
Bk. Montreal 14½ 87	100	95⅛	96	+0⅛	+0⅛	15.78
Bque. Indo Suez 15 89	100	96⅝	96⅞	+0⅛	−0⅛	15.80
British Col. Hyd. 14¾ 89	200	98⅞	99⅛	+0⅛	−0⅛	14.92
British Col. Hyd. 15½ 92	150	101½	102	+0⅛	+0⅛	14.89
Canada 14⅜ 87	750	99⅜	100⅛	+0⅛	+0⅛	14.34
Canadair 15½ 87	150	101½	102	0	0	14.87
Canadian Pac. 14⅜ 92	75	94½	95	−0⅛	−0⅛	15.67
Carolina Power 16½ 89	60	105	105⅜	+0⅛	+0⅛	15.07
CIBC 16 87	100	98⅜	98⅞	0	+0⅛	16.35
Citicorp O/S 15 84/92	100	99⅝	100⅛	+0⅛	−0⅛	14.93
Citicorp O/S 15½ 85/97	125	101	101½	+0⅛	−0⅛	14.75
CNA 15⅞ 97	75	100⅛	100⅞	−0⅛	−0⅛	15.71
Con. Illinois 15¼ 89	100	95⅛	95⅝	−0⅛	−0⅛	16.86
Duke Pwr. O/S 15½ 89	80	100⅝	101⅛	+0⅛	−0⅛	15.22
Dupont O/S Cap. 0.0 90	300	35⅛	35⅝	0	−0⅛	14.87
ECSC 14⅞ 87 (April)	80	99⅛	99⅝	+0⅛	0	14.87
EIB 15½ 89	150	100⅞	101⅜	+0⅛	−0⅛	15.15
EIB 15½ 92	100	100⅛	100⅝	−0⅛	−0⅛	15.41
Eksportfinans 14½ 89	50	98⅝	99⅛	0	−0⅛	14.73
Gen. Elec. Credit 0.0 92	400	27⅛	27⅝	−0⅛	−1⅛	14.53
Gen. Elec. Credit 0.0 93	400	24⅛	24⅝	−0⅛	−1	14.31
Getty Oil Int. 14 89	125	99½	100	+0⅛	−0⅛	14.02
GMAC O/S Fin. 16 86	150	102⅝	103⅛	+0⅛	0	15.08
GMAC O/S 15⅛ 85/97	100	99⅛	99⅝	+0⅛	−0⅛	[illegible]
GMAC O/S Fin. 15 89	125	99⅝	100⅛	+0⅛	0	14.95
GMAC O/S Fin. 15 87	100	99⅞	100⅜	+0⅛	+0⅛	14.90
Gulf Canada Ltd 14½ 92	100	97⅝	98⅛	0	+0⅛	15.11
Gulf Oil 14¼ 94	175	99⅛	99⅝	−0⅛	−0⅛	14.30
Gulf Oil Fin. 0.0 92	300	27⅛	27⅝	+0⅛	−1⅛	14.41
Int.-Am. Dv. Bk. 15⅞ 87	55	98⅞	99⅜	+0⅛	−0⅛	15.30
Japan Dev. Bk. 15½ 87	50	104⅛	104⅞	+0⅛	+0⅛	13.97
New Brunswick 16¼ 89	75	103⅛	103⅝	+0⅛	−0⅛	15.33
Nova Scotia Pr. 15⅞ 89	75	96	96½	0	−0⅛	16.18
Ontario Hydro 14¾ 89	150	99½	100	0	+0⅛	14.76
Pac. Gas & El. 15½ 89	45	101⅛	102⅛	+0⅛	−1⅛	14.94
Phillips Petrol 14 89	200	97½	98	0	−0⅛	14.50
R.J. Rynlds. O/S 0.0 92	400	27⅛	27⅝	+0⅛	−0⅛	14.47
Saskatchewan 16 89	125	101⅜	102⅛	−0⅛	−0⅛	15.43
Shell Canada 14⅜ 92	125	97½	98	+0⅛	+0⅛	14.79
Spain 15⅞ 87	100	101⅛	101⅞	+0⅛	+0⅛	15.16
Superior O/S Fin. 14 89	125	97⅛	97⅝	−0⅛	−0⅛	14.57
Swed. Exp. Cr. 15¼ 89	100	99⅛	99⅝	−0⅛	−0⅛	15.31
Swed. Exp. Cr. 14⅞ 90	100	95⅞	96⅜	+0⅛	−0⅛	15.80
Swed. Exp. Cr. 0.0 94	200	20⅛	20⅝	0	+0⅛	14.73
Texas Eastern 15⅞ 89	60	100½	101	0	−0⅛	15.52
Union Carbide 14⅝ 89	150	99⅞	100⅜	−0⅛	−0⅛	14.67
Wells Fargo Int. 15 87	75	99⅝	100⅛	+0⅛	−0⅛	14.96
World Bank 14¼ 87	500	97⅝	98⅛	−0⅛	0	14.85
World Bank 15⅞ 88	250	100⅜	101⅛	−0⅛	−0⅛	14.90

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¾ 92	150	97⅝	98⅛	−0⅛	−0⅛	9.56
Australia 9½ 91	200	103⅝	104⅛	0	0	8.72
Austria 8⅞ 92	100	94⅞	95⅜	0	−0⅛	9.18
Barclays O/S In. 8⅜ 94	100	95⅜	96⅛	0	−0⅛	8.95
Bowater Int. Fin. 8½ 89	50	95⅞	96⅜	−0⅛	−0⅛	9.31
Canada 8½ 89	200	101⅞	102⅜	0	−0⅛	8.14
Comp. Tel. Esp. 10½ 92	100	100⅝	101⅛	−0⅛	+0⅛	10.33
Cred Foncier 8¾ 92	100	95⅞	96⅜	0	−0⅛	9.36
Denmark 10⅛ 92	100	102⅛	102⅝	−0⅛	+0⅛	9.69
EDF 9⅞ 92	100	100⅝	101⅛	−0⅛	+0⅛	9.69
EIB 8¾ 92	100	94⅞	95⅜	−0⅛	+0⅛	9.18
Int.-Am. Dev. Bk. 9 92	150	97⅜	97⅞	0	0	9.37
Nacnl. Financiera 11 90	150	94	95	−2	−2¾	12.12
Norsk Hydro 8½ 92	100	97⅞	98⅜	−0⅛	−0⅛	8.78
Philips Lamps 8½ 92	100	99⅝	100⅛	0	+0⅛	8.51
Philip Morris 8¼ 90	100	101⅛	101⅝	−0⅛	−0⅛	7.97
Quebec 10⅛ 92	150	102⅞	103⅜	0	−0⅛	9.65
Renfe 10 92	100	99⅝	100⅛	−0⅛	−0⅛	10.01
SNCF 8¾ 92	100	95⅛	95⅝	−0⅛	−1⅛	9.36
Tauernautobahn 9⅞ 94	50	102	102½	0	−0⅛	9.53
Tenneco Int. 9 92	100	98⅛	98⅝	0	0	9.25
World Bank 9½ 89	100	100⅞	101⅜	−0⅛	−0⅛	9.30
World Bank 8½ 92	200	95½	96	−0⅛	−0⅛	9.17

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	†100½	100¾	0	−0⅛	6.16
Asian Dev. Bank 7 92	100	†100¼	100½	−0⅛	−1	6.94
Aucalsa 7¾ 92	80	†98¼	98½	−0⅛	−0⅛	7.99
Australia 6½ 94	100	†105	105¼	0	+0⅛	5.87
BNP 6¾ 92	100	†98	98¼	0	−0⅛	7.02
Cse. Nat. l'Energie 7 92	100	†100¾	101	−0⅛	−0⅛	6.87
CFE-Mexico 8¾ 92	60	†83	83¼	−6¾	−12¼	11.17
Co-op. Denmark 8¾ 92	25	†104¾	105	−1	−0⅛	7.63
Crown Zellerbach 6¾ 92	100	†100¼	100½	−0⅛	0	6.69
Europarat 7¼ 92	100	†101¼	101½	−0⅛	+0⅛	7.06
Ind. Fund Finland 6¾ 92	30	†98½	98¾	+0⅛	−0⅛	6.94
Japan Dev. Bank 6 94	100	†100¾	101	+0⅛	+0⅛	5.89
Kobe City 6⅛ 92	100	†100¼	100½	−0⅛	−0⅛	6.07
Kommunlans 7¼ 92	35	†101¼	101½	+0⅛	+0⅛	7.01
Lonrho Int. Fin. 7¼ 92	80	†95½	95¾	+0⅛	+0⅛	8.16
Mitsui OSK 6¾ 92	100	†97½	97¾	−1⅛	−2	6.84
Nafinsa 8¼ 92	80	†92½	92¾	−0⅛	−1	9.42
New Zealand 6 92	100	†101¼	101½	0	0	5.78
Philip Morris 6¼ 92	100	†103¾	104	+0⅛	−0⅛	6.08
Philip Morris 6¼ 94	100	†102½	102¾	0	0	5.93
Renfe 7¾ 92	80	†99¾	100	0	+0⅛	7.76
Sekisui Pre. 5¾ 92 WW	70	†101	101¼	−1⅛	−2⅛	5.59
Soc. Lux. de Cnt. 8¾ 92	80	†107	107¼	−0⅛	−1	6.95
Svenska Handels. 6¾ 92	100	†98½	98¾	+0⅛	−0⅛	6.94
Tiroler Wasser 6¼ 92	100	†98	98¼	−0⅛	−0⅛	6.51
Vorarlberg Kraft 6¾ 92	50	†102½	102¾	−0⅛	−0⅛	6.37

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97	97½	+0⅛	−0⅛	8.85
Int.-Amer. Dev. 8⅞ 91	15	100⅝	101⅛	+0⅛	−1	8.72
Japan Airlines 7⅞ 87	9	95⅝	96	0	−0⅛	9.07
New Zealand 8⅜ 87	15	99⅝	100⅛	+0⅛	−0⅛	8.37
World Bank 8⅜ 92	20	98⅝	99⅛	0	−0⅛	8.56

Average price changes... On day +0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†98⅞	99	+0⅛	0	16.29
Can. Pac. S. 16½ 89 C$	50	†98½	99	0	0	16.83
Crd. Foncier 17¼ 89 C$	30	†99⅞	99⅞	−0⅛	+0⅛	17.18
Gaz Metro. 17¼ 90 C$	20	†98½	98⅞	0	0	17.58
OKB 16¼ 88 C$	63	†98⅞	99⅛	+0⅛	0	16.49
Q. Hyd. 16½ 89 (M) C$	50	†100	100½	0	−0⅛	16.38
Quebec Prov. 16½ 89 C$	50	†100¼	100¾	−0⅛	+0⅛	16.35
U. Bk. Nwy. 9½ 90 EUA	18	93⅝	95	0	0	10.62
Amro Bank 10 87 Fl	150	98⅞	99⅜	+0⅛	−0⅛	10.22
Bk. Mees & H. 10 87 Fl	75	99⅛	99⅝	0	−0⅛	10.15
Eurofima 10¼ 89 Fl	50	100⅛	101⅛	+0⅛	0	10.25
Ireland 10½ 87 Fl	75	98⅞	99⅜	+0⅛	0	10.79
Phil. Lamps 10⅛ 87 Fl	100	100⅝	101⅛	+0⅛	−0⅛	9.94
World Bank 10 87 Fl	150	98⅞	99⅜	+0⅛	−0⅛	10.29
OKB 14 86 FFr	400	94	95	0	0	16.07
Solvay et C. 14¾ 86 FFr	200	94⅛	95½	0	0	16.60
Beneficial 14½ 90 £ (D)	20	90⅞	91⅜	+0⅛	0	16.33
BFCE 14½ 87 £	30	101	101½	+0⅛	−0⅛	14.09
BNP 13¾ 91 £	15	96⅝	97⅛	+0⅛	+0⅛	14.06
CECA 13½ 88 £	20	98⅛	99⅛	+0⅛	−0⅛	12.71
Fin. Ex. Cred. 13¾ 86 £	15	98⅛	99⅛	+0⅛	−0⅛	14.14
Gen. Elec. Co. 12¼ 89 £	50	97⅝	98⅛	−0⅛	+0⅛	12.93
Hiram Walker 14⅜ 86 £	25	100⅞	101⅜	+0⅛	+0⅛	13.90
Norsk Hydro 14½ 87 £	30	101	101½	0	−0⅛	14.06
Privatbanken 14½ 88 £	12	97⅞	98⅞	+0⅛	+0⅛	14.88
Quebec 15½ 87 £	35	102⅛	103	0	−0⅛	14.61
Reed (Nd) NV 16⅛ 89 £	25	105⅛	105⅝	0	−0⅛	15.20
Royal Trustco 14 86 £	12	99⅝	100⅛	0	−0⅛	13.82
SDR France 15½ 92 £	30	102⅛	103	0	−0⅛	14.92
Swed. Ex. Cr. 13¾ 86 £	20	99½	100	0	−0⅛	13.81
Tenneco Int. 14¾ 87 £	30	98½	99⅜	+0⅛	0	15.08
Eurofima 10½ 87 LuxFr	500	96⅛	97⅛	0	0	11.37
EIB 9¾ 88 LuxFr	600	92⅝	93⅝	0	−0⅛	11.55

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98½	99	15/10	15.69	15.89
Bk. of Tokyo 5¼ 91 (D)	0⅛	99⅞	100⅛	8/12	15⅛	15.23
Bk. Nova Scotia 5¼ 93	0⅛	98⅞	99⅜	29/10	15⅛	15.26
BFCE 5¼ 88	0¼	99½	100	28/10	15	15.04
BFCE 5¼ 87	0¼	99¼	99½	27/1	14	14.09
Caisse Nat. Tele. 5¼ 90	0¼	99½	100	21/10	15⅜	15.79
CCCE 5¼ 2002	0⅛	98½	98¾	11/12	15⅛	15.59
CEPME 5¼ 92	0¼	99¼	100¼	10/12	15.44	15.44
Chemical NY 5¼ 94	‡0¼	99½	100	23/9	16.69	16.73
CIBC 5¼ 94	0¼	†97⅝	97⅞	15/1	15¼	15.62
Credit Agricole 5¼ 97	0¼	99¼	99¾	24/9	15.44	15.52
Credit du Nord 5¼ 92	0¼	99⅞	100⅜	23/12	16.81	16.79
Credit Lyonnais 5¼ 97	0⅛	99½	100	1/10	16	16.04
Credit Lyonnais 5¼ 94	0¼	100¼	100¾	1/1	16.94	16.85
Credit Nat. 5¼ 94	‡0¼	98⅞	99⅜	9/9	14.69	14.82
Ireland 5¼ 89/94	0¼	†98¼	98¾	25/11	14⅝	14.97
Kansallis Osake 5¼ 92	0⅛	99⅜	99⅞	6/11	15.31	15.37
Lloyds Eurofin 5¼ 93	§0⅛	99⅝	100⅛	29/10	17⅛	17.15
Long Term Cred. 5¼ 92	0¼	99¼	99¾	29/11	14⅝	14.74
J. P. Morgan 5¼ 97	§0⅛	99⅜	99⅞	12/8	14⅝	14.68
Nat. West. Fin. 5¼ 91	§0⅛	100	100½	15/1	15¼	15.21
New Zealand 5¼ 87	0⅛	99¾	100¼	7/10	15.56	15.56
Nippon Credit 5¼ 90	0⅛	99⅛	99⅝	10/8	16.06	16.16
Offshore Mining 5¼ 91	0⅛	99⅞	100⅜	2/12	14.19	14.19
PKbanken 5 91	0¼	100⅛	100⅝	17/12	15.81	15.73
Scotland Int. 5¼ 92	0⅛	99	99½	23/9	15⅛	15.49
Sec. Pacific 5¼ 91	0⅛	99⅜	99⅞	24/11	15	15.06
Societe Generale 5¼ 95	0¼	99⅛	99⅝	1/9	15.31	15.39
Standard Chart. 5¼ 91	0⅛	99⅜	99⅞	18/11	14⅞	14.93
Sweden 5¼ 89	0⅛	98⅞	99⅜	26/8	15.31	15.41
Toronto Domin'n 5¼ 92	0⅛	97⅞	98⅜	11/8	16⅛	16.69

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	74⅞	76⅛	−1⅛	7.29
Bow Valley Inv. 8 95	4/81	23.12	95	97	+0⅛	69.09
Bridgestone Tire 5½ 96	3/82	470	80⅛	81⅞	−3⅞	4.17
Canon 6¾ 95	1/81	738.3	86½	88½	+0⅛	4.40
Canon 7 97	7/82	748.2	97⅞	98⅞	+0½	2.53
Chugai Pharm. 7¾ 96	7/82	709.6	107⅞	108⅞	+1⅝	6.27
Fujitsu Fanuc 4½ 96	10/81	5641	69⅞	71⅞	−2	−19.70
Furukawa Elec. 5¼ 96	7/81	300	85½	87¼	−3⅛	−5.21
Hitachi Cable 5¼ 96	2/82	515	75½	77	+0½	2.35
Hitachi Cred. Cpn. 5 96	7/81	1612	65½	67½	−1¼	8.73
Honda Motor 5½ 97	3/82	941	74⅜	75⅜	−2¼	8.07
Kawasaki 5¼ 96	9/81	229	58½	60	−1	29.28
Marui 6 96	7/81	846.4	84⅞	86⅛	−5	4.88
Minolta Camera 5 96	10/81	826.4	58⅜	59⅜	−0⅛	38.23
Minorco 9¼ 97	5/82	8.16	†82	84	+1	22.53
Murata 5¼ 96	7/81	2168	65	66½	−2½	41.70
NKK 6½ 96	7/81	188	66½	68	−3⅛	−20.08
Nippon Electric 5¼ 97	2/82	846	79½	81	−0½	6.68
Orient Finance 5¼ 97	3/82	1205	76¼	77¾	−5⅛	4.10
Sanyo Electric 5 96	10/81	652	60	61½	+0½	22.59
Sumitomo Elec. 5½ 97	3/82	577.3	80½	82	−0½	5.82
Sumitomo Met. 5¼ 96	10/81	296.1	54⅞	55⅞	−1⅛	45.16
Swiss Bk. Cpn. 6¼ 90	9/80	191	†70	72	−3	33.32
Konishiroku 6¼ 88 DM	6/82	616	101⅛	102⅛	−0⅛	19.79
Mitsubishi H. 6 89 DM	2/82	263	85⅛	86⅛	0	39.55

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. AMERICAN QUARTERLIES

CANADIAN TIRE

	1982 C$	1981 C$
Second quarter		
Revenue	447.7m	337.7m
Net profits	14.6m	12.7m
Net per share	1.11	1.00
Six months		
Revenue	871.9m	668.2m
Net profits	29.6m	25.0m
Net per share	2.27	2.07

HARCOURT BRACE

	1982 $	1981 $
Second quarter		
Net profits	972,000	2.76m
Net per share	0.18	0.60
Second quarter	$	$
Net profits	†4.47m	2.27m
Net per share	†0.49	0.25

HUSKY OIL

	1982 C$	1981 C$
Six months		
Revenue	743.1m	745.6m
Net profits	†20.3m	33.4m
Net per share	†0.26	0.43

MOLSON

	1982-83 C$	1981-82 C$
First quarter		
Revenue	497.5m	464.0m
Net profits	19.57m	16.36m
Net per share	1.38	1.16

POWER CORPORATION OF CANADA

	1982 C$	1981 C$
Second quarter		
Net profits	16.16m	34.74m
Net per share	0.63	1.35
Six months		
Net profits	17.97m	61.38m
Net per share	0.69	2.39

RESORTS INTERNATIONAL

	1982 $	1981 $
Second quarter		
Net profits	321,000	4.15m
Net per share	0.03	0.42
Six months		
Net profits	2.35m	7.4m
Net per share	0.24	0.75

TESORO PETROLEUM

	1981-82 $	1980-81 $
Third quarter		
Revenue	565.1m	659.4m
Net profits	15.5m	15.7m
Net per share	0.90	0.92
Nine months		
Revenue	1.8bn	2.4bn
Net profits	34.9m	62.0m
Net per share	1.94	3.77

TRAVELERS CORPORATION

	1982 $	1981 $
Second quarter		
Net profits	70.9m	87.6m
Net per share	0.84	1.04
Six months		
Net profits	138.7m	171.2m
Net per share	1.64	2.02

ZAPATA

	1981-82 $	1980-81 $
Third quarter		
Revenue	133.5m	118.7m
Net profits	27.3m	22.5m
Net per share	1.42	1.05

† Loss

WestLB well ahead but warns on AEG loans

BY STEWART FLEMING IN FRANKFURT

WESTDEUTSCHE Landesbank, the third largest German bank, reports sharply increased operating earnings for the first half of the current year.

But the bank, which is one of the leading German lenders to the financially-stricken AEG Telefunken electronics giant, while stressing that it has put aside strong reserves for such a crisis, hints that it could draw on part of its improved earnings to cover potential loan losses.

WestLB's statement underlines the impact which the AEG financial crisis is likely to have on bank profits this year. It is estimated that between DM 2bn and DM 3bn is likely to have to be written off by German banks assuming that AEG's efforts to seek protection from its creditors through settlement proceedings succeed.

The bank said that, partly as a result of falling interest rates and improving lending margins, operating earnings (which would exclude loan and securities write-offs) rose to DM 194m (US$77m) in the half-year to June. This compares with the DM 43m announced in its interim report last year, and with the DM 90m figure released yesterday as half of the total of 1981 operating earnings.

WestLB is one of the leaders in the consortium of 22 mainly West German banks which has some DM 3bn of unsecured credit out to AEG-Telefunken, 60 per cent of which will have to be written off assuming the settlement proceedings for the company come into effect.

Leader of the consortium is Dresnder Bank with a 17.45 per cent share, followed by Deutsche Bank (12.46 per cent). WestLB (12.19 per cent) and Commerzbank (9.55 per cent).

The bank pointed out that it had put aside strong provisions against loan losses last year, and had built a special reserve of DM 234m in its 1981 accounts. It could also draw on earnings this year to cover potential loan losses.

Most other large German banks are, like WestLB, enjoying a substantial recovery in operating earnings from the generally depressed levels of last year, and this will allow them to shoulder the burden of AEG-Telefunken write-offs.

But it is not clear at this stage what impact it will have on the dividend policies of one or two of the larger and least profitable banks.

Sharply-reduced loss at Hertie

BY JONATHAN CARR IN BONN

HERTIE, one of West Germany's biggest department store groups, markedly cut its losses in the first half of this year and hopes for a continuing improvement despite the weak demand afflicting the retail trade.

Herr Bruno Lippmann, chairman of the managing board, attributed the improvement partly to the special sales Hertie held in March to mark its centenary, and partly to the continuation of its cost-saving rationalisation programme begun in 1980.

He said that by cutting unprofitable product lines and laying stress on high quality goods, Hertie had reduced group losses last year to *DM 30m ($11.9m) from DM 70m* in 1980.

Depressed by the economic recession and cautious consumer spending, Hertie's turnover fell by 4.4 per cent last year to DM 6.2bn. Herr Lippmann estimated that had Hertie been able to maintain sales at the 1980 level, the group would have been out of the red altogether.

He warned that the solution to the retail trade's problems did not lie in trying to boost sales through lower quality articles at cheap prices.

"The customer has become more choosy and prefers nowadays to take two shirts at DM 50 each than three at DM 33," Herr Lippmann said.

Mid-term downturn for Kanhym

By Our Johannesburg Correspondent

KANHYM, THE South African farming combine, which is 51 per cent owned by General Mining Union Corporation, suffered a 9.1 per cent fall in attributable net profits to *R8.3m ($7.2m) for the six* months ended June 30.

Pre-tax profits dropped 31 per cent to R11.8m despite an 11.3 per cent increase in turnover to R532.9m. The downturn in profits was caused mainly by a severe squeeze on profit margins in the group's major subsidiary, Karroo Meat Exchange. The directors say Karroo experienced particularly difficult trading conditions, *which were aggravated by the* high level of local interest rates.

Earlier in the year, Kanhym stepped up its holding in Karroo from 51 per cent to 100 per cent, and the subsidiary was delisted from the Johannesburg Stock Exchange in March.

An issue of some 2.6m new Kanhym shares was used to finance the acquisition of the outstanding 49 per cent stake in Karroo. This led to a dilution in earnings per share in the six months which fell by 28.6 per cent to 68.2 cents a share. An unchanged interim dividend of 20 cents has been declared.

In his 1981 annual review, Dr Wim de Villiers, the chairman, forecast earnings for the full year of around 190 cents a share on the increased capital. The directors now say that, although trading conditions should improve in the second half, there is little chance of meeting the forecast.

ASEA lifts interim profit despite deficit at Flakt

BY WILLIAM DULLFORCE IN STOCKHOLM

ASEA, the Swedish electrical engineering group, improved its earnings by almost 40 per cent from SKr 276m to SKr 386m ($62.3m) in the first half of the year. The increase is even larger — to SKr 407m — if the *results of the Fläkt industrial* ventilation company incorporated into the group in the second half of 1981, are excluded.

Group sales advanced from SKr 6.8bn to SKr 10.9bn including Fläkt, or by 19 per cent to just over SKr 8bn for the original ASEA group. First-half sales last year were boosted by the delivery of a nuclear power plant.

Demand for ASEA products continued to be weak during the first six months of this year, affecting sales of standard equipment in particular. Slack demand, however, was offset by deeper market penetration, especially outside Europe and increased project deliveries, Mr Percy Barnevik, the managing director said.

The poor business climate will continue to prevail in most of ASEA's markets during the second half, but group earnings are forecast to exceed the SKr 855m achieved last year.

The improvement in first-half earnings is attributed to higher profit margins, restructuring, and income from newly-acquired subsidiaries. The group's operating profit climbed from SKr 180m to SKr 457m but a net interest income of SKr 28m in the first half of 1981 slumped to a net loss of SKr 75m.

The return on total capital increased from 12.1 per cent to 14.9 per cent, excluding Fläkt, or to 14.4 per cent with Fläkt. This compares with the tarket of at least 20 per cent at current inflation rates set by Mr Barnevik in the last annual report.

ANI plans A$60m rights

AUSTRALIAN National Industries plans to raise A$59.70m (U.S.$58.4m) through a one-for-two renounceable rights issue at A$1.60 per share, Reuter reports from Sydney.

The diversified engineering group will shortly announce 1981-82 earnings some 25 per cent above the A$23.49m for the year ended June 1981 and plans *a final dividend of 9 cents*, compared with 7.8 cents, making a total 15 cents against 13.5 cents.

It expects further profit growth in 1982-83 and is confident that the new dividend level will be maintained on the increased capital of 112.32m shares.

The new shares will rank for half of the 1982-83 interim dividend scheduled for April next year and will rank equally with existing shares thereafter.

ANI sees opportunities ahead for significant expansion both inside Australia and abroad.

Mitsubishi Petrochemical deeper in red

BY OUR FINANCIAL STAFF

MITSUBISHI Petrochemical, Japan's largest ethylene producer, *has reported a further* deterioration in its performance. It suffered a net unconsolidated loss for the six months ended June of Y9.18bn ($35m) against a deficit of Y2.88bn a year earlier.

The company said weak demand and soft prices affecting the entire Japanese petrochemical industry were responsible for the losses.

The downturn was most marked in ethylene-based products which account for 45 per cent of the company's sales. Sales of this product group fell by 7.7 per cent to Y75.9bn.

Sumitomo Chemical, one of Japan's leading diversified chemical companies, has suffered a plunge in profits in the first half. Parent company net profits fell by 86 per cent to Y169m from Y1.18bn. Sales edged ahead to Y319.15bn from Y317.64bn.

The sharp drop reflected, however, a Y7.4bn extraordinary loss from the winding up of Sumitomo Aluminium Smelting. Pre-tax profits excluding the item turned round to Y2.41bn from a loss of Y1.91bn

Resignation of Consob chief takes bourse by surprise

By Rupert Cornwell in Rome

THE SURPRISE resignation of Professor Guido Rossi, head of the Consob, the Milan bourse authority, has created new uncertainty in Italian financial circles, still badly shaken by the Banco Ambrosiano affair.

The departure of the Harvard-trained Professor Rossi, who has wrought considerable changes to the Milan stock market during his 18 months at the Consob, has still not been fully explained, although it appears to have been triggered by the government's decision to put the troubled Milan bank into compulsory liquidation.

His decision was last night being said to be irrevocable —despite pleas both by Sig Giovanni Spadolini, the Prime Minister, and Sig Nino Andreatta, the Treasury Minister, that he reconsider the move.

Sig Michele di Giesi, the Labour Minister and an ex-officio member of the government's credit committee which took the decision on Ambrosiano a week ago, indicated that Professor Rossi had opened legal proceedings against Dr Carlo Ciampi, the governor of the central bank, in connection with the liquidation decree.

Professor Guido Rossi

The Bank of Italy later expressed surprise at the news. But it has been enough to stir apprehensions over possible new disruptive repercussions from what has already emerged as the country's gravest financial scandal since the war.

Professor Rossi's main concern throughout his tenure was to modernise the Milan bourse and force a greater disclosure of information by quoted companies.

Last year he was attacked for the emergency measures he took to stem a drastic *decline in activity on the* Milan bourse, which his critics argued only exacerbated the situation. He has also been under fire for pushing Banco Ambrosiano into a full Milan bourse listing in May, a month before it was placed in the hands of commissioners.

Professor Rossi has campaigned ceaselessly to bring Italian accounting practices into line with EEC norms. Dealing procedures on the bourse have been improved, and he has enlarged the number of quoted companies, despite ordering the removal of others from the official list, on the grounds that they were "dead wood."

But for a long while Professor Rossi had complained about the obstacles placed in the path of the Consob's efficient functioning and the lack of commitment by the Government to the bourse reform to which it paid constant lip-service.

For that reason the Ambrosiano affair may be by no means the only reason for his resignation.

COMMODITIES AND AGRICULTURE

Danes sell more butter in Britain

DANISH butter won a bigger share of Britain's shrinking butter market in the first half of this year, reports Richard Mooney.

In spite of an 11 per cent decline on the overall market Lurpak sales rose by 5 per cent taking a 14 per cent share of the market, its highest for many years, Danish Agricultural Producers, the London-based import agency, reported yesterday.

Total supplies of Danish butter to the UK in the January-June period amounted to 20,500 tonnes, up 6 per cent from the previous year.

● ITALIAN chicken farmers stopped a lorry carrying eggs imported from France and smashed more than 36,000 in protest at what they called devaluation of their own produce. The Lombardy Association of Fowl Rearers said more than 60m eggs were imported from France and the Netherlands in May—double the figure for the whole of 1981—and this had caused a disastrous fall in Italian egg prices.

● ALUMINIUM prices will rise to an average $1,887 a tonne between 1981 and 1985, after averaging $1,224 in the period 1976 to 1980, according to a report by Chemical Bank of New York. The report estimates demand for finished aluminium rising 4 to 5 per cent over the next 20 years to 38m tonnes by the year 2000. It sees the gradual substitution of aluminium for iron ore, nickel, tin and zinc in many metal end uses.

● U.S. SUGARBEET output this season is estimated at 21.699m short tons against 27.408m tons last year, giving a yield per acre harvested of 20.7 tons (22.3). Sugar cane production is estimated at 28.613m tons against 27.408m tons with a yield of 37.9 short tons (36.3).

● UK COPPER consumption rose to 46,223 tonnes in June against 38,951 tonnes in June last year, according to World Bureau of Metal Statistics figures.

Stockpile move lifts copper

BY OUR COMMODITIES EDITOR

COPPER prices rose strongly on the London Metal Exchange yesterday following news that the U.S. Senate had passed legislation requiring the Federal government to buy copper for the strategic stockpile. However traders claimed that there would be litle, if any, immediate impact but provided an excuse to cover positions in an oversold market.

More significant was the fact that the gap between the higher-grade cash price and the three months quotation has narrowed further. Cash copper closed £22.5 up at £831 while three months was £19.25 higher at £835.5 a tonne. This is believed to reflect continuing reports that the Chinese will be taking actual delivery of forward purchases made, which may result in a technical squeeze on available supplies.

● NANCY DUNNE in Washington writes: The provision passed by the U.S. Senate to order the purchase of copper for the government's strategic stockpile faces many hurdles before it would actually take effect.

The legislation, pushed by mining state senators would set aside solely for the purchase of copper all funds received from the sales of stockpiled materials between July 31 this year and October 1, 1983. The measure, which passed by a 55 to 45 vote as part of a supplemental appropriations bill, is headed towards a Senate-House conference.

The house has passed no similar legislation, and Hill staff members cannot predict what will happen to the copper provision in the horsetrading to follow.

Should the measure become law, its effect would still be unclear. The general services administration (GSA), which manages the stockpile, has raised $175.9m in the first three quarters of this fiscal year, but it is unlikely to earn as much next year.

Although the GSA has not included copper on its list of priority purchases, the managers would not be averse to buying copper, as well as nickel, while prices are so low. There is a feeling among the managers that the mining interests erred in preventing the sale of silver which would have helped raise money to buy more profitable copper, lead and zinc.

The stockpile has only 28,000 tonnes of copper at present, 3 per cent of its 1m tonne goal.

Unsteady tin market predicted

BY JOHN EDWARDS, COMMODITIES EDITOR

THE TIN market could be excessively weak during the next two or three months, but thereafter the price will rise rapidly as export quotas begin to bite and the buffer stock of the International Tin Council regains control.

That is the conclusion reached by Hargreaves and Williamson, London metals research unit of Shearson/American Express, in its annual review of the tin industry, 1982-83.

It predicts that London prices could fall as low as £5,500 a tonne before rising to over £7,500.

The review forecasts that export controls will be in effect until at least the end of 1985, since it will take some years to eliminate the present high stocks of tin.

However, although export controls may control the size of the surplus, they will do nothing to control flagging consumption levels.

The artificially high price caused by the mysterious buying group earlier this year has created massive surpluses of tin metal, the review points out, seriously damaged consumption and nearly wrecked the International Tin Agreement.

Looking at the supply/demand picture, it is calculated that the export controls will reduce total tin supplies available to the market (disregarding U.S. stockpile sales) this year by 34,400 tonnes to 78,800 resulting in an effective deficit to demand of 9,200 tonnes. Further deficits are forecast for the next three years as the export controls force cuts in production instead of merely accumulating stocks of concentrates at the minehead.

In the short term, the buffer stock is expected to come under pressure in the next few months as the mines rush to sell their export quotas as soon as possible. In addition forward purchases made by London brokers made on behalf of the buffer stock will fall due for payment in September.

U.S. export subsidies opposed

WASHINGTON — the U.S. Administration yesterday opposed a proposal in Congress to subsidise food exports on grounds it could lead to a trade war with Europe.

Alan T. Tracy, deputy under-secretary for agriculture, told a joint hearing of the House foreign affairs and agricultural committees that the Administration agreed that the bill could increase food exports and compensate for subsidies paid by other countries.

However, this subsidy could be matched by competitors, he warned, and could undermine U.S. efforts to persuade Europe and Brazil to lift food subsidies.

"It could increase the possibility of an agricultural trade and credit war," Mr Tracy said.

The U.S. opposes European Common Market subsidies for agriculture and is campaigning against EEC support for exports of wheat flour, pasta, canned fruit and raisins, poultry and sugar. It is pressing Brazil to ease subsidies for poultry exports.

AP

Singapore tea auction growth

By P. C. Mahanti in Calcutta

A REVIEW of the business done over the first six months of operations of the Singapore tea auctions shows that it has succeeded in establishing itself as the world's second international tea trading centre.

J. Thomas, the leading Indian tea broker and auctioneer, reports that over 800,000 kilos of tea were sold in Singapore in this period with the main offerings coming from India and Indonesia. Since April Kenya had been offering tea for auction while Bangladesh and Tanzania are reported to be considering doing so.

The principal customers have been the U.K., North America, Japan, Australia, New Zealand and several West African states. Local buying has also been a feature of the auctions.

Colorado beetles found at port

By Our Commodities Staff

LIVE Colorado beetles have been discovered on a cargo of Spanish timber at Newhaven port.

The whole consignment is to be fumigated before it leaves the dock to prevent the pests, which pose a serious threat to potato crops, spreading into neighbouring farmland.

The Ministry of Agriculture warned earlier this week that the risk of Colorado beetles being imported into Britain was higher than usual because of heavy infestations on the Continent. Farm workers and members of the public were asked to be especially vigilant.

The Newhaven beetles were spotted by dock workers. The last breeding colony in Britain was destroyed in 1976, but fears rose again in April this year when discoveries rose way above normal levels. After 103 of the insects had been found on consignments of Italian spinach a temporary ban was placed on imports of all leafy vegetables from Italy.

FARMER'S VIEWPOINT

Bumper crop with a sting in the tail

THE RAIN, which in mid-June saved my farm from a very severe drought, left a nasty sting in its tail. At that time most of the grain crops were almost dead, and while the moisture revived them it caused the spring barley plants to throw up fresh shoots. Now every harvested sample contains from 5-10 per cent of green grains, while the remainder is fully ripe.

This sets me a puzzle. If I leave the crop until all these grains are ripe, a matter of two to three weeks at least, there is a strong possibility that the remainder of the crop could well be damaged. The over-ripe could be blown off in a gale or beaten down by rain. I am always conscious that August can be one of the wettest months.

The alternative is to combine the grain, and then to dry it down to a safe moisture content. This is a slow and expensive job, leaving the barley only good for feed as the irregular ripening puts it out of court for malting. This is a pity, as all my barley, which comprises two recognised malting varieties, is affected.

Malting barley is already a very good trade, mainly because there are doubts about the quality of this year's crop. Nitrogen levels are high in most of the spring barleys, and in addition there is this ripening problem, for which there is no easy answer.

I have not, of course, given up all hope of selling some to the malters. Their criteria are governed entirely by the availability of suitable samples. If there is a mass of first class barley their premiums are negligible. But if there isn't, their standards drop and their premiums rise miraculously.

The best outlet for barley at the moment would appear to be the EEC intervention stores to which about ½m tonnes have been directed already. The barley intervention price for this month is £110.91, while the spot price is £98 per tonne. It should cost between £3 and £4 per tonne to get the grain to the intervention store and if care is taken that the moisture content and bushel weight are satisfactory, this must be the outlet.

Last year a great deal of barley was exported with the help of EEC subsidies, but this outlet appears to be much less attractive. World markets are under pressure from very large stocks of Canadian and U.S. barley and feed grains at very low prices.

This situation is potentially very serious, as last year total barley exports were believed to have been about 2.5m tonnes from the UK alone. Bur from July 1 until August 2 1982 in the EEC a total of only 268,000 tonnes of barley were awarded export refunds as against 1,198,000 tonnes for the same period in 1981. The latest export refund amounted to £34 per tonne, as against £14 in 1981.

The UK barley market is threatened by the increasing importation of cereal substitutes—of which the most obvious is tapioca—for animal feed. Compounders here were slow to take advantage of these feeds, but have now jumped on the band waggon and barley usage in animal feeds is dropping significantly. Every compounders now has access to a computer which works out a least cost formulation with all available supplies on a daily basis. Barley at present prices is out of court.

In spite of attempts by the Reagan Administration to reduce massive American grain surpluses, U.S. farmers will produce record grain and soyabean crops this year, according to forecasts released by the Agriculture Department.

Although the Administration has sought to convince farmers to keep 10 per cent of their land out of feed grain production and 15 per cent out of wheat production, farmers will harvest 8.32bn bushels of maize this year, up 1 per cent from the record set in 1981. Production of soyabeans will set a new high at 2.29bn bushels, up 13 per cent from last year.

I began harvesting wheat on August 2. The earliest I have done so except for the drought year of 1976. The variety was Avalon, about which I expressed anxiety in one of these articles because it seemed to have suffered a late attack of a variety of diseases. The yield was remarkably good, three tonnes an acre on one field, and an average of 52 cwts an acre overall.

The crop had most certainly died off prematurely, as other varieties are still not ripe at the time of writing, and I shudder to think what would have happened if the diseases had struck earlier.

I have come to the conclusion that the Avalon simply died off because its root structure had been damaged in the early drought. About 30 per cent of the British crop is of this variety, and merchants who had contracted for stocks of seed, have been worried that after the disease attacks their sales would vanish.

As this is alleged to be a bread wheat, and there is intervention for bread making wheat at a reasonable price compared with feed, I have taken a chance and put my money down, £80, to see if it will pass. I have failed this test before, but on the law of averages I should get some in one day.

As to the harvest outturn, I can only say that wheat looks to be the crop of the year and winter barley is much better than last year. But there is a question mark over the spring barley. There is a long way to go before all is safely gathered in, and still, further before the money is in the bank.

John Cherrington

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.90-31.00	—0.17
Iranian Light	29.90-30.00	—0.05
Arabian Heavy	28.75-28.85	—0.07
North Sea (Forties)	32.00-32.20	—0.07
African(Bonny L'ht)	33.20-33.30	—0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	329-331	+3.0
Gas oil	285-291	—3.0
Heavy fuel oil	152-157	—0.5

GAS OIL FUTURES

After a weaker opening, the market traded in a narrow range throughout the day with little news to affect prices.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
August	290.75	—2.25	298.75-90.00
Sept.	283.00	—1.50	284.00-82.00
Oct.	285.75	—2.25	287.00-85.25
Nov	288.00	—2.25	288.75-87.75
Dec.	290.00	—1.50	290.50-89.50
Jan.	291.00	—2.00	291.75-91.00
Feb.	293.00	—0.25	—
March	290.50	+1.00	—
April	289.50	+1.50	—

Turnover: 2,006 (1,952) lots of 100 tonnes.

GOLD MARKETS

Gold rose $3 an ounce from Wednesday's close in the London bullion market yesterday to finish at $335-336. The metal opened at $332½-333½ and traded between a high of $335½-336 and a low of $332-332½. There was a firmer trend during the afternoon after the opening of U.S. centres but trading was generally featureless and uninteresting.

In Frankfurt the 12½-kg bar was fixed at DM 27,130 per kg ($335.0 per ounce) against DM 27,200 ($335.02) previously and closed at $334½-335½ from $333-334.

In Luxembourg the dollar per ounce equivalent of the 12½-kg bar at the fixing was $332.75, down from $333.20.

In Paris the 12½-kg bar was fixed at FFr 74,350 per kg ($329.88 per ounce) in the afternoon compared with FFr 74,350 ($329.90) in the morning and FFr 74,400 ($329.45) on Wednesday afternoon.

In Zurich gold finished at $333-336 compared with $331-334.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	194.50-7.00	—	197.70
Sept'mb'	197.50-8.00	+0.25	
October	199.80-0.20	+1.525	198.80-0.20
November	201.50-2.00	+2.00	200.60
December	203.40-3.60	+2.15	202.50-3.40
January	205.00-6.00	+1.65	204.45
February	207.00-7.50	+1.50	—

Turnover: 161 (158) lots of 100 troy ounces.

	Aug. 12		Aug 11	
Gold Bullion (fine ounce)				
Close	$335-336	(£197¼-197¾)	$332-333	(£195¾-196¼)
Opening	$332½-333½	(£195¾-196¼)	$332¾-333¾	(£196½-197)
Morning fixing	$333.25	(£196.341)	$332.875	(£196.347)
Afternoon fixing	$334.75	(£197.179)	$333.50	(£196.431)

Gold Coins Aug. 12					
Krugrnd	$344-344¾	(£202¼-203)	King Sov	$84½-86	(£49¾-50½)
½ Krug	$177-178	(£104¼-104¾)	Victoria Sov	$84½-86	(£49¾-50½)
¼ Krug	$90-91	(£53-53½)	French 20s	$72¾-75¼	(£42¾-44¼)
1/10 Krug	$36½-37½	(£21½-22)	50 pesos Mex.	$407¼-411½	(£239½-242)
Mapleleaf	$344-345	(£202½-203)	100 Cor. Aust	$324¾-328¼	(£191-193¼)
New Sov	$80-80½	(£47-47¼)	$20 Eagles	$385-390	(£226½-229½)

BRITISH COMMODITY MARKET

BASE METALS

COPPER LED the way ahead among base-metal prices on the London Metal Exchange, as sentiment switched to feeling that the market was oversold. Copper closed at £837.5 after a high for the day of £843, tin was finally £6,840, lead £313.5, zinc £414.5 and aluminium £568. Nickel moved ahead strongly to £2,805 as the technical tightness increased.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrade				
Cash	843-5	+46.7	830-2	+22.5
3 mths	844.5-5.5	+57.7	835-6	+19.2
Settlem't	845	+47.5	—	......
Cathodes				
Cash	811-2	+40.2	804-6	+24
3 months	823-4	+35	817-8	+20.5
Settlem't	812	+40.5	—	......
U.S. Prod.	—	—	*70-75	......

Amalgamated Metal Trading reported that in the morning higher-grade cash copper traded at £840, 41, 41.5, 42, 43, 44, 43; three months £841, 40, 41, 42, 44, 45, 44, 44.5, 44, 43, 44. Cathodes: Cash £811, 12; three months £823. Kerb: Higher Grade: Three months £846, 46, 47, 48, 47.5, 47, 46.5. Afternoon: Higher Grade: Three months £844, 43, 43.5, 44, 43, 41, 39, 38, 37, 37.5, 38, 37.5, 37, 36. Cathodes: Cash £805, 06, 07; three months £818. Kerb: Higher Grade: Mid-Nov £837; three months £837, 36.5, 37, 38, 39, 38, 37.5. Turnover: 34,675 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6950-70	+47.5	6910-5	+2.5
3 months	6890-900	+52.5	6860-70	+2.5
Settlem't	6970	+50	—	......
Standard				
Cash	6950-70	+47.5	6910-5	+2.5
3 months	6890-900	+52.5	6860-70	+2.5
Settlem't	6970	+50	—	......
Straits E.	$29.151	......	—	......
NewYork	—	......		

Tin—Morning: Standard: Cash £6,950; three months £6,880, 70, 80, 90, 6,900. Afternoon: Standard: Three months £6,500, 6,870, 60. Kerb: Standard: Three months £6,870, 60, 40, 30, 20, 10, 20. Turnover: 960 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	300-.5	+8	301-2	+4
3 months	312-.5	+9	312.5-3	+5.5
Settlem't	300.5	+8		......
U.S. Spot	—	......	*28-8	......

Lead—Morning: Cash £300.5; three months £312, 11.5, 12. Kerb: Three months £313. Afternoon: Cash £300; three months £312, 11.5, 12, 13. Kerb: Three months £312.5, 13, 14, 13.5. Turnover: 11,500 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	408-.5	+6	407.5-8.5	+4
3 months	415-.5	+8.82	414.5-5	+4.5
S'ment	408.5	+6	—	......
Primw'ts	—	......	37-40.5	......

Zinc—Morning: Three months £414, 15, 16, 15.5, 16. Kerb: Three months £415, 16, 17. Afternoon: Three months £414, 14.5. Kerb: Three months £415. Turnover: 8,375 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	550.5-1.5	+5.5	548-9	+2.5
3 months	569.5-70	+5	567-.5	+2.5

Aluminium—Morning: Three months £571.5, 71, 69.5. Kerb: Three months £570, 71, 70.5, 71. Afternoon: Three months £569.5, 68.5, 68, 67.5. Kerb: Three months £568. Turnover: 14,325 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2840-5	+42.5	2885-95	+85
3 months	2765-70	-22.5	2785-90	+45

Nickel — Morning: Three months £2,770. Kerb: Three months £2,775. Afternoon: Three months £2,765, 75, 80, 90. Kerb: Three months £2,800, 2,795, 2,800. Turnover: 684 tonnes.

SILVER

Silver was fixed 0.2p an ounce higher for spot delivery in the London bullion market yesterday at 368.1p. U.S. equivalents of the fixing levels were: spot 624.7c, up 0.7c; three-month 643.5c, up 0.7c; six-month 665.1c, down 0.6c; and 12-month 707.5c, down 1.3c. The metal opened at 363-365p (618-622c) and closed at 368-371p (626-630c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	368.10p	+0.20	367.00p	+2.50
3 months	378.00p	+0.10	377.10p	+2.55
6 months	387.75p	—0.65	—	......
12months	407.60p	—0.80	—	......

LME—Turnover 63 (194) lots of 10,000 ozs. Morning: Cash untraded, three months 379.3, 79.0. Kerb: Nil. Afternoon: Cash untraded, three months 379, 79.5. Kerb: Three months 379.0, 78.0.

COCOA

Futures continued to trade within a narrow range as commission house selling was well absorbed by manufacturer offtake and price fixing. Producers continued to remain above current levels.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	855-57	—1.5	867-61
Dec.	906-07	+3.0	907.00
March	941-42	+2.0	942-36
May	959-61	+0.5	961-55
July	980-81	......	980-75
Sept.	1001-03	+1.0	1002-97
Dec.	1021-23	+2.0	—

Sales: 3,508 (4,156) lots of 10 tonnes.

ICCO—Daily price for Aug 12: 67.10 (66.98). Indicator price for Aug 13: 67.56 (67.93).

COFFEE

A firm New York close influenced early gains during a steady opening reports Drexel Burnham Lambert. Additional commission house buying in moderate volume tested recent resistance levels but under persistent trade selling values gradually drifted lower to close at the daily lows.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept.	1214-15	+6.0	1237-14
Nov.	1097-98	+3.0	1116-096
January	1027-28	+4.0	1040-27
March	988-90	+4.0	1000-988
May	960-63	+3.5	975-63
July	936-38	+9.5	945-35
Sept.	910-25	—	—

Sales: 3,828 (6,961) lots of 5 tonnes.

ICO indicator prices for August 12 (U.S. cents per pound): Comp daily 1979 116.40 (115.56); 15-day average 117.92 (116.17).

GRAINS

Wheat started easier but was firmed by good commission house and trade buying in small quantities throughout the day to close unchanged to 20p up, reports Acli.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rdys' close	+ or —
Sept.	109.95	+0.15	105.15	—0.05
Nov.	113.55	+0.20	108.75	—0.15
Jan.	117.20	+0.20	112.45	—0.05
Mar.	120.45	+0.20	115.60	—0.05
May.	123.75	+0.15	118.75	—0.05
July	126.90	......	—	—

Business done—Wheat: Sept 35, Nov 21, Jan 14, March 4, May 7, July 5. Sales: 86 lots of 100 tonnes. Barley: Sept 17, Nov 29, Ja ,craM5nPh,— — Sept 17, Nov 29, Jan 5, March 2, May nil. Sales: 53 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Sept 109, Oct 109.75, Nov 112.50 transhipment East Coast sellers. English Feed, fob: Sept 114, Oct 115.75, Oct-Dec 118 East Coast. Maize: French: Aug 135, Sept 136.50 transhipment East Coast sellers. South African White/Yellow Aug-Sept 85 seller. Barley: English Feed, fob: Aug 104.50. Paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: S West 110.00, N West 111.40. Feed wheat: S West 105.50, W Mids 105.90, N West 107.10. Feed barley: S East 98.10, S West 98.50, W Mids 98.30, N West 98.40.

RUBBER

The London physical market opened about unchanged and attracted little interest throughout the day, closing idle. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 199.00 (198.25) cents a kg and SMR 20 171.50 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Sept	50.80-51.30	50.30-50.90	—
Oct	51.00-52.00	51.60-51.90	—
Oct-Dec	52.20-52.30	52.30-52.40	52.30
Jan-Mar	54.80-54.80	54.60-54.80	55.00-54.60
Apl-Jne	57.20-57.40	57.40-57.50	57.40-57.30
Jly-Sept	60.00-60.10	60.00-60.10	—
Oct-Dec	62.60-62.70	62.60-62.70	—
J'n-Mch	65.00-65.20	65.00-65.10	65.40-65.20
Apl-Jne	67.60-68.10	67.30-67.70	—

Sales: 70 (123) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.75p (49.50p); Sept 51.00p (same); Oct 51.25p (same).

SOYABEAN MEAL

The market opened weak following bearish USDA crop estimate, reports T. G. Roddick. Prices fell to new contract lows with losses of £3.00-£3.60 where good two-way trade took place.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	—	......	119.50-19.00
October	121.10-21.3	—2.80	121.50-21.00
Dec.	124.50-24.5	—3.85	128.20-24.50
Feb.	127.50-28.0	—3.45	131.00-27.60
April	128.50-28.7	—3.60	132.00-28.50
June	128.50-30.0	—4.25	—
August	130.50-35.0	—3.00	—

Sales: 331 (89) lots of 100 tonnes.

SOYABEAN OIL—The market opened $11.00 lower on weak cash markets and drifted further reaching lower limits before short covering steadied prices. Closing prices and business done (US$ per tonne): Aug 430.00, 434.00-34.00; Oct 422.50, 22.00, 522.0-21.50; Dec 423.50, 23.00, 430.00-22.50; Feb 431.50, 31.00, 437.50-428.50; April 440.00, 32.00, untraded; June 455.00, 35.00, untraded; Aug 475.00, 40.00, untraded. Turnover: 107 (12).

SUGAR

LONDON DAILY PRICE—Raw sugar £104.00 (£103.00) a tonne cif Aug-Sept shipment. White sugar daily price £117.00 (£15.00).

The market opened some 50p below overnight levels but the lows were shortlived. Good buying from one quarter then lifted prices some £2.00 before heavier offerings blunted the advance. Thereafter quotations were contained within a narrow range throughout the day, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Oct.	111.45-11.80	110.00-10.25	112.50-09.25
Jan.	118.10-18.00	115.00-17.25	—
March	124.90-25.10	123.60-23.75	125.75-25.25
May.	127.75-27.85	126.20-26.35	128.00-27.00
Aug.	131.20-31.50	129.50-29.75	131.25
Oct.	134.25-34.50	132.75-33.00	134.75
Jan.	135.80-37.50	135.00-36.00	—

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £209.50 (£208.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for August 11: Daily price 6.92 (7.05); 15-day average 7.16 (7.20).

WOOL FUTURES

BRADFORD WOOL—The situation does not seem quite so gloomy as a few days ago, trade sources said. There is still not enough business to remove doubts about its ability to maintain full-time activity in the month ahead, but some has been placed.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 357, 359, 357; Oct 372, 373, 373; Dec 388, 390, 391-389; Jan 391, 392, 393-391; March 404, 405, 407-404; May 412, 414, 417-414; Aug 422, 423, 424-423; Oct 420, 424, 423; Dec 420, 426, nil; Jan 422, 428, nil. Sales: 102.

SR¼££—

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 526.0, 527.0, 528.0-527.0; Dec 530.0, 531.0, 532.0-530.0; March 535.0, 537.0, 537.0-538.0; May 540.0, 541.0, 541.0-540.5; July 549.0, 550.0, 549.0-548.0; Oct 540.5, 542 n, untraded; Dec 544.0, 545.0. Sales: 78.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 12 1982	+ or —	Month ago
Metals			
Aluminium	£810 815	....	£810/815
Free Mkt.	$925-955	+5	$980/1010
Copper			
Cash h grade	£831	+22.5	£843.5
3 mths	£835.5	+19.25	£858.25
Cash Cathode	£805	+24	£823
3 mths	£817.5	+20.5	£839.5
Gold troy oz	$335.5	+3.0	$350
Lead Cash	£301.5	+4	£356
3 mths	£312.75	+4.5	£348.5
Nickel	£4023	....	£4080
Free mkt	222/252c	+7	255/265 c
Platin'mtr oz'y	£260	....	£260
Freemkt	£158.60	+4.75	£173.05
Quicksilver†	$355/365	....	$360/370
Silver troy oz	368.10p	+0.20	375.90p
3 mths	378.00p	+0.10	386.30p
Tin Cash	£6912.5	+2.5	£6637.5
3 mths	£6865	+2.5	£6787.5
Tungsten22.0lb	$114.23	....	$109.48
Wolfrm 22.4lbs	$102/106	....	$115-116
Zinc Cash	£408.0	+4	£430.5
3 mths	£414.75	+4.5	£436.25
Producers	$800	....	$800
Oils			
Coconut (Phil)	$392.5x	—17.5	$485
Groundnut	‡	....	$565
Linseed Crude	‡	....	£353
Palm Malayan	$390y	—10	$425
Seeds			
Copra Ph lip	$265x	—20	$320
Soyabean (U.S.)	$235.5	—9.0	$257
Grains			
BarleyFut. Nov	£108.75	—0.15	£108.10
Maize	£136.00	+0.5	£136.00
Wheat Fut.Nov	£113.65	+0.20	£114.00
No.2HardWint	‡	....	‡
Other commodities			
Cocoa ship't*	£895	+3.5	£843
Future Dec	£906.5	+3.0	£907.5
Coffee Ft' Nov	£1097.5	+3.0	£1,114.5
Cotton A.Index	77.40c	—0.4	79.00c
Gas Oil Sept	$283.0	—1.5	$274.5
Rubber (kilo)	49.75p	+0.25	48.75p
Sugar (Raw)	£104x	+1	£123
Woolt'ps 64s kl.	380p kilo	....	386pkilo

‡ Unquoted. x Aug-Sept. v July-Aug. y Sept. t Oct. † Per 16 lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

Aug. 11	Aug. 10	M'th ago	Y'ar ago
226.23	226.44	236.04	272.40

(Base: July 1 1952 = 100)

REUTERS

Aug. 11	Aug. 12	M'th ago	Y'ar ago
1530.5	1536.9	1572.1	1743.8

(Base: September 18 1931 = 100)

MOODY'S

Aug. 11	Aug. 10	M'th ago	Y'ar ago
985.8	988.8	996.0	1069.6

(December 31 1931 = 100)

DOW JONES

Dow Jones	Aug 11	Aug 10	Month ago	Year ago
Spot	120.54	120.61	125.69	—
Futr's	122.07	121.71	126.98	—

(Base: December 31 1974 = 100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 182 tonnes. Renewed interest was shown in certain Middle Eastern qualities, as well as African growths. Users indicated further determination to add to their supplies in the light of lower average prices.

*

HIDES—Manchester: The market showed very little change. Ox: 31-35.5 kg, 57.6p a kg (57.6p); 26-30.5 kg, 59.6p a kg (59.3p); 22-25.5 kg, 67.6p a kg (67.5p). Light cows: 25.5 kg, 65.8p a kg (64.2p).

POTATOES

The market was easier, but lacked any significant feature Nov 56.90, —1.20 (high 57.00, low 57.00); Feb 66.30, —1.20 (66.90 only); April 76.90, —1.00 (high 77.60, low 76.50); May 86.80, —0.60 (high 87.30, low 86.40); Nov 65.50, +0.50. Turnover: 296 (398) lots of 40 tonnes.

AMERICAN MARKETS

NEW YORK, August 12.

PRECIOUS METALS and copper were supported by arbitrage buying and downward pressure on interest rates. Soyabeans and maize were sharply lower on a bearish crop report, while wheat managed to finish mixed. Profit-taking and commission house selling resulted in moderately lower closes in coffee. Arbitrage buying and technical buying helped sugar and cocoa close higher. Heating oil was sharply lower on bearish stock statistics. The entire meat complex was sharply higher in nearby months and under pressure in distant months in reaction to a bearish grain report. Cotton came under heavy pressure as a result of an unexpectedly high U.S. crop report, reported Heinold Commodities.

Copper — Aug 60.50 (58.10). Sept 60.65-61.00 (59.10). Oct 61.50, Dec 62.60-63.00, Jan 63.50, March 64.75, May 66.00, July 67.25, Sept 68.50, Dec 70.40, Jan 71.75, March 72.30, May 73.55. Sales: 14,000.

Potatoes (round whites)—Nov 67.0 (65.9), Feb 66.5-67.0 (66.0), March 76.5, April 88.5-88.7. Sales: 126.

§Silver — Aug 640.5 (622.5), Sept 640.0-645.0 (624.0), Oct 648.2, Dec 657.0-662.0, Jan 667.3, March 677.0-685.0, May 694.5, July 708.1, Sept 721.7, Dec 742.1, Jan 748.9, March 762.5, May 776.1. Handy and Harman bullion spot: 629.00 (622.00).

Sugar—No. 11: Sept 7.32 (7.11). Oct 7.50-7.52 (7.30), Jan 8.07, March 8.56-8.60, May 8.76-8.77, July 8.96-8.97, Sept 9.30, Oct 9.35-9.39. Sales: 686.

Tin—542.00-547.00 (542.00-548.00).

CHICAGO, August 12.

Lard—Chicago loose 24.25 (24.00).

Live Cattle—Aug 66.97-66.90 (66.27), Oct 64.90-64.75 (64.20), Dec 64.25-64.10, Feb 62.30-62.15, April 61.70, June 62.25, Aug 61.05.

Live Hogs—Aug 64.72-64.80 (63.22), Oct 60.67-60.55 (59.27), Dec 58.67-58.50, Feb 54.80-54.65, April 49.75-49.90, June 49.75, July 49.50, Aug 47.70.

‡‡Maize—Sept 225¾-225¼ (235¾), Dec 233½-233¾ (243¼), March 250½-250¾, May 260¾, July 267¾-267½, Sept 269-269½.

Pork Bellies—Aug 89.85 (87.85), Feb 77.86-77.85 (75.85), March 75.75-75.60, May 73.15-83.20, July 70.60, Aug 69.15.

†Soyabeans—Aug 564¾-565 (582½), Sept 555-554½ (573¼), Nov 565½-564, Jan 580-581, March 595-596, May 610-610½, July 622, Aug 624½, Sept 621.

‖Soyabean Meal—Aug 165.0-165.5 (169.0), Sept 163.0-163.7 (168.1), Oct 163.8-163.6, Dec 168.8-168.6, Jan 171.3, March 176.0, May 181.0, July 185.0-185.5, Aug 184.0-185.0.

Soyabean Oil — Aug 16.79 (17.39), Sept 16.79-16.78 (17.40), Oct 16.88, Dec 17.37-17.36, Jan 17.64, March 18.00, May 18.40, July 18.85, Aug 19.15.

†Wheat—Sept 338-337 (337¾), Dec 360½-361½ (359¾), March 379½-380, May 385-386½, July 385.

WINNIPEG, August 12.

§Barley—Oct 1060 (1088), Dec 1098 (1106), March 1104, May 1118, July 1113.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, August 11.

††Cocoa—Sept 1319 (1344), Dec 1380 (1409), March 1454, May 1505, July 1543, Sept 1585.

Coffee—"C" Contract: Sept 123.85-129.90 (126.85), Dec 120.90-121.00 (119.12), March 115.00-115.20, May 110.00-110.25, July 106.50-106.75, Sept 105.00-105.50, Dec 100.00-100.25. Sales: 2,165.

Cotton—No. 2: Oct 68.90 (67.14), Dec 69.00-69.05 (69.37), March 71.60-71.70, May 73.35-73.36, July 74.90-75.00, Oct 75.00-75.20, Dec 74.83. Sales: 3,200.

Heating Oil—(cents per U.S. gallon): Sept 90.90-91.00 (91.80), Oct 91.90-92.00 (92.94), Nov 92.40-92.75, Dec 93.60-93.75, Jan 94.30-94.35, Feb 94.75, March 93.80, April 91.75, May 91.00, July 89.50.

Orange Juice—Sept 125.20 (125.30), Nov 124.50-124.60 (124.90), Jan 125.00, March 126.50, May 127.60-127.90, July 128.70-129.00, Sept 129.80-130.30, Nov 130.80-131.20, Jan 130.80-131.20. Sales: 700.

*Platinum — Oct 263.0-268.0 (256.9), Jan 272.0-276.0 (258.9), April 279.4, July 287.2, Oct 295.4. Sales: 2,983.

CHICAGO, August 11.

Chicago Imm Gold—Sept 335.4-335.0 (333.8), Dec 345.4-345.2 (343.1), March 355.0, June 365.7, Sept 376.7.

WINNIPEG, August 11.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 220.75.

EUROPEAN MARKETS

Cocoa—(FFr per tonne): Sept 1015-1025, Dec 1075-1080, March 1115-1130, May 1162-1170, July 1202-1215, Sept 1228-1237, Dec 1269-1278. Sales at call: nil.

PARIS, August 12.

Sugar—(FFr per tonne): Oct 1325-1390, Nov 1395-1405, Dec 1425-1430, March 1565-1570, May 1600-1615, July 1620-1630, Aug 1645-1655, Oct 1695-1700. Sales at call: 7.

ROTTERDAM, August 12.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter Sept 136. U.S. No. 3 Amber Durum Sept 165, Oct 168, Nov 173, Dec 179. U.S. No. 2 Northern Spring, 14 per cent, Aug 171, Sept 167, Oct 168, Nov 173, Dec 175.50. Canadian Western Red Spring Sept 195.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow spot 120, afloat 115, Aug 110, Sept 108, Oct 109, Nov 108, Dec 112, Oct/Dec 110, Jan/March 119.50 sellers.

Soyabeans—(U.S. $ per tonne). U.S. No. 2 Yellow Gulfports spot 232, Aug 232, Sept 229.50, Oct 224.50, Nov 225, Dec 230.50, Jan 226.50, Feb 242, March 243.75, April 247, May 249.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent, afloat 195/194/193, Nov/March 207/206 traded, afloat 194, Aug 197, Sept 197, Oct 198, Nov 200, Dec 204, Nov-March 206 sellers.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 77.5 to 82.8; Ulster hindquarters 83.0 to 95.0, forequarters 58.5 to 59.5. Veal: Dutch hinds and ends 119.0 to 123.0. Lamb: English small 56.5 to 61.0, medium 54.0 to 57.0, heavy 50.0 to 52.0. Scotch medium 50.0 to 54.0, heavy 48.0 to 50.0. Imported: New Zealand PL 59.0 to 59.5, PM 58.5 to 59.0, YL 53.0 to 59.0. Pork: English, under 100 lb 34.0 to 52.0, 100-120 lb 39.0 to 51.0, 120-160 lb 39.0 to 48.7.

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 97.34p per kg lw (+0.36). GB—Sheep 124.43p per kg est dcw (+6.11). GB—Pigs 69.66p per kg lw.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £3.70-£5.00; large haddock £4.20-£5.00, medium £3.50-£4.80, small £1.00-£2.40; large plaice £4.30-£5.40, medium £3.80-£4.80, best small £3.20-£4.70; Skinned dogfish, large, £7.50-£9.00; medium, £7.00-£8.00; lemon soles, large, £8.00; medium, £7.00; rockfish £1.80-£3.00; saithe £1.00-£2.40.

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels/Lates 40 5.70, 48 6.30, 56 7.20, 72 7.20, 88 6.54, 112 6.05, 138 5.85, 140 5.25. Brazilian: 88/100 6.00. Mandarines — Brazilian: 5.50-6.00. Minneolas—5. African: 42.48 6.00. Lemons—Spania: Trays 5 kb 25/50 1.40-2.00; Outspan: 15½ kg 80/95 4.00-8.50. Grapefruit—S. African: 27 4.80, 32 5.95, 36 6.10, 40 5.90, 48 5.40, 56 5.50, 64 5.05, 72 4.32, ruby same as white.

English Produce: Potatoes—Per pound, new 0.03-0.03½. Mushrooms—Per pound, open 0.60-0.70, closed 0.60-0.80. Lettuce—Per 12, round 1.00-1.60, Webb's 1.00-1.80. Cos 1.30-2.00. Onions—Per 55-lb 40/80mm 2.00-2.50. Spring Onions—Per bunch 0.05-0.08. Pickling Onions—Per 55-lb 2.20-3.00. Primo Cabbage—Per 25-lb 1.20-1.50. Cabbages—Per 28/30-lb White/Red 2.00-2.50. Carrots—Per 25/28-lb 0.80-1.50, per bunch 0.05-0.10. Courgettes—Per 12-lb 0.80-1.20. Cucumbers—Per package 1.00-2.00. Tomatoes—Per 12-lb box D/E 1.20-1.80. Cauliflowers—Per 12 Lincoln 0.80-1.60. Celery—Per 12/30 1.00-2.00. Winter crop 3.20-3.50. Stick Beans—Per pound 0.08-0.12. Ground Beans—Per pound 0.05. Marrows—Per box 0.50-1.00. Sugar Peas—Per pound 1.00-1.50. Turnips—Per 28-lb 1.40-1.50. Swedes—Per 28-lb 1.20-1.40. Parsnips—Per 28-lb 2.00-2.50. Apples—Per pound: Bramley 0.14-0.18, Grenadiers 0.08-0.10, Discovery 0.18-0.22, Howgate 0.10-0.12, Derby 0.10-0.12, George Cave 0.14-0.18. Strawberries—Per 8-oz 0.30-0.70. Blackberries—Per 8-oz 0.20-0.25. Blueberries—Per 8-oz 0.60. Loganberries—Per 4-oz 0.50-0.60. Raspberries—Per 4-oz 0.80-1.00. Plums—Per pound Victoria 0.25-0.30, Czars 0.10-0.12, Belle's 0.18-0.20. Gages—Per pound 0.10-0.14. Fennel—Per 5-lb 1.50. Corn on Cob—Each 0.05-0.10. Leeks—Per 11-lb 1.50-2.20. Pumpkins—Per pound 0.10.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone: 7598 157.

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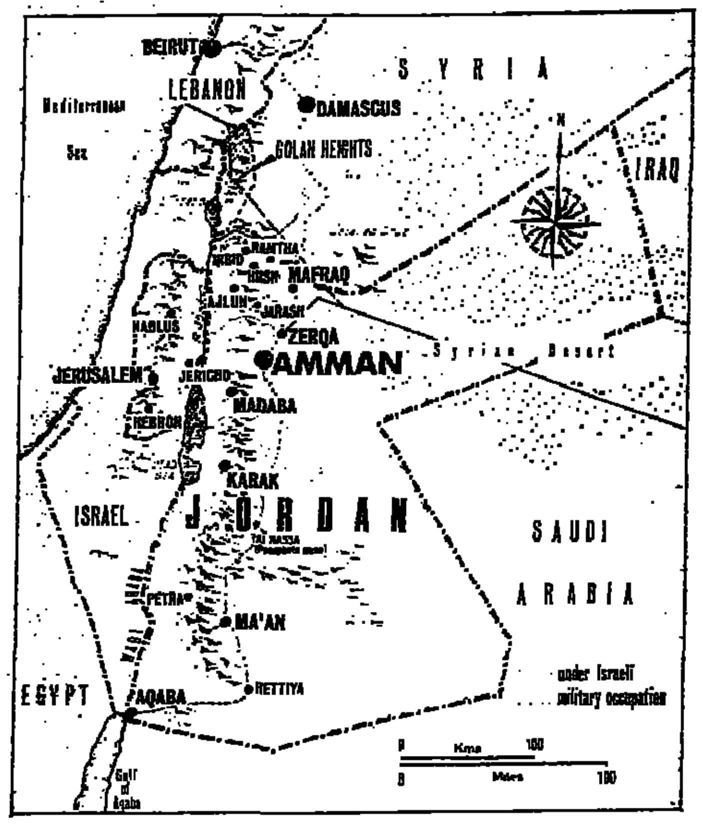
FINANCIAL TIMES SURVEY

Friday August 13, 1982

Jordan

Once more Jordan finds itself faced with yet another outbreak of Israeli-Palestinian hostilities. The assault on Beirut, along with the continuing Iraq-Iran war to the East, has put the country under heightened political pressure. It comes at a time when Jordan is still seeking to build a durable self-supporting economy.



In the grip of crisis again

By Anthony McDermott

IN AN area which has known such turbulence as the Middle East the fact that King Hussein has now been on the throne of Jordan for 30 years and kept the Hashemite Kingdom more or less intact is a formidable achievement. He is in fact the longest serving Arab head of state, challenged only by President Habib Bourguiba of Tunisia, who is almost twice his age.

King Hussein remains robust-looking and it is remarkable that he is still only in his late forties. The strain of ruling Jordan, against difficult external and internal odds, show in the grizzled hair and the often world-weary smile of the politician-monarch, who can claim with justification to have confronted and brought Jordan through a wide range of crises — whether coup or assassination attempts or invasions and wars—and survived.

At this time Jordan has probably never felt so politically squeezed. Partly this can be attributed to the comparative artificiality of its historical creation, to the effects of wars with Israel, to the fact that more than half its population are Palestinians (UNRWA put refugees and displaced persons on the East Bank at 930,467 at the end of last September), to its heavy dependence on outside financial aid and to its exposure to political events in the region.

Two crises in particular—the Iraq-Iran war and Israel's invasion of Lebanon and seige of Beirut—have brought heavy pressure. Of the two the Gulf War, not least because of Jordan's forthright support from the start of Iraq, is still the primary concern. Support for Iraq was untypical in that it represented a foreign policy initiative. In the past the hallmark of Jordan's foreign policy has been its deftness in reacting to circumstances and riding out blows. Part of the reason for King Hussein decision to make this alliance was an historical view that the Persians, a traditional enemy of the Arabs, should be confronted.

He was concerned also about the effects of Khomeinist-led Iranian victory, not just on his ally Iraq but also on Saudi Arabia and other states on the Gulf. Even before Iraq's withdrawal from Iran and the latter's invasion last month, Jordan had felt some effects through the reduction of orders from Jordanian private sector suppliers. (Against this must be set Iraq's continual supply of aid and use of and plans to expand the port, road and rail transit facilities.)

Nevertheless, while Jordan is reasonably confident that the outcome of the Gulf War will not dangerously upset power balances in the region, the signs of deep short-term concern were apparent. King Hussein visited Baghdad for a seven-hour visit, exceptionally at the same time as his brother, Crown Prince Hassan and Regent in his absence, was away on an official visit to Turkey. The formation of a People's Army was announced on July 19 and the situation has been watched *closely ever since.*

Tensions

The Lebanese crisis has produced other tensions. Jordan shared with other Arab countries a sense of deep frustration and humiliation. It had no desire to be drawn into the fighting—directly or indirectly. Palestinian volunteers and a contingent from the Palestine Liberation Army (PLA), based in Jordan and virtually integrated into the army, were despatched. King Hussein visited the wounded in hospital.

Frustration was aimed at the U.S., through hostile editorials and diplomatic complaints, and particularly at some of the Arabs of the rich states of the Gulf. In June the king paid a long-planned and not particularly successful visit to the Soviet Union, from which it had obtained mobile Sam-8 anti-aircraft missiles in a $200m deal. But Moscow was judged *to have been distinctly slow to* help the Arabs.

The encirclement of the Palestinians in Beirut raised the delicate issue of whether Jordan would, along with other Arab countries, be prepared to take in some of the trapped fighters. Because of the experience of 1970-71, when King Hussein and his army was able to crush a revolt by the Palestinians threatening to set up a virtual state within a state, Jordan has been extremely reluctant to entertain on its soil potentially radical Palestinian elements.

Indeed Jordan's overall caution towards the activities of the Palestinians is illustrated by the fact that one of the main tasks of its armed forces is to prevent guerrillas slipping across its frontiers to carry out operations against Israel or the West Bank. Earlier this summer a few incidents occurred but they were reckoned too mild by Israel to warrant retaliation.

Over the past decade Jordan's relations with the PLO have improved and to some extent bad memories have been overshadowed by events in Lebanon over the last six years. Together the Jordanian Government and the PLO administer a $150m-a-year fund (allocated at the Baghdad Arab Summit of 1980) for projects on the occupied West Bank. Nevertheless, the wariness remains and at best Jordan is thought to be considering taking in up to 2,000 members of Fatah, the main Palestinian group, who are Jordanian passport holders and who have been carefully vetted.

An additional concern is of course Israel itself. Statements by Israel's leaders that the Palestinians already have a state—Jordan—aroused genuine fears that Israel might either politically or even by invasion try to bring this thesis about. The unexpected suggestion by Mr Begin in mid-July that Israel and Jordan should sign a peace treaty and form a two-state confederation and have access to Haifa port was called by officials "ridiculous." warrant retaliation.

A more serious and interesting side-effect was the semi-incognito visit on July 10-11 by Dr Osama El-Baz, President Mubarak's top political adviser. The most important part of his message was an Egyptian assurance of its rejection of the *Israeli "Jordan is Palestine"* line. It showed too how Jordan and Egypt, despite diplomatic relations being broken since April 1979 in protest against the peace treaty with Israel, have been gradually becoming closer. King Hussein, along with King Hassan of Morocco, were the only two heads of state without relations to congratulate Egypt formally on the return of Sinai last April from Israeli occupation.

Frustration

This sense of frustration and impotence in Jordan (shared, it must be said, by all countries in the Arab world) has not led to serious repercussions in the country. Palestinians in the refugee camp of Al-Wahdat on the outskirts of Amman demonstrated but were kept carefully under control by security forces. But there are fears that one reaction might be an outbreak of terrorism or, because relations with Syria have continued to be bad, more frequent attempts to infiltrate guerrillas across the border to attack Israel.

It is also seen as a possibility that, as an echo of the despondence felt in Egypt after Israel's crushing victory in 1967, there might be a resurgence of Islamic fundamentalism, centred on the Moslem Brothers, who are not illegal but monitored closely. Already on the campus of the University of Jordan the number of girls wearing wimple-like veils has increased.

The reversion to fundamentalism could well be provoked also by the social divisions beginning to appear as Jordan develops economically and because of its position as a transit area for commerce and political ideas and as a business centre itself.

Amman, the capital, has become very much a city reflecting social contrasts. It has sprawled out of its crowded downtown area, with its beige stone buildings perched on its hills, on to rich agricultural land outside. There opulent villas are being built by the hundreds, happily still with the same stone facings but on a scale which caused the Government to bring in some restrictions last summer.

Not far from this display of wealth are the houses of professional classes which have sprung up only in the last five years and overstretched the capacity of the municipality to provide more than water and electricity as services. But there are also the refugee camps. Some have contained refugees since 1948 and after all these years they have an established but run-down atmosphere. But others, such as Al-Wahdat, have also more recent arrivals living on their fringes in desperate shacks beside open sewers, a ready breeding ground for the cholera epidemics which break out in the summers of most years.

In statistical terms, too, there have been worrying indications. A recently published study on "Poverty and Income Distribution in Jordan" found that 5.5 per cent of households surveyed reported monthly incomes of JD 50 or less and another 24.5 per cent between JD 50 and 100. By contrast, one-fifth of incomes sampled was earned by 6.2 per cent of the population (between JD 400 and JD 1,000 a month).

To some extent these developments are the sad but almost inevitable effects of economic development, especially under a Government which supports private enterprise. Jordan is now one year into a new five-year plan involving the ambitious investment of JD 3.3bn. Most analysts agree that the socio-economic priorities are *about right (particularly the* encouragement of women to join the workforce). But it is alarming that such a low key attitude is adopted to the population growth rate. In addition, the attainment of targets remains very heavily dependent on outside funds, especially from other Arab countries.

Jordan's survival as a state has been called into question frequently over the past decades *—often with good reason.* But Jordan may well turn out to be better prepared for turbulence ahead in the Arab world than its immediate neighbours.

If King Hussein's forecast is correct hard times are indeed ahead. In an interview with Time Magazine last month he said there "will be blood, disasters and human suffering" unless the Palestinian problem is solved. He said: "Even if Israel destroys Beirut and the Palestinians there, the Palestinian cause is not over." The reaction, he warned, would be "of such violence that it would not be limited to this area. It could be worldwide."

CONTENTS

Outwardly the economy is healthy but this is thanks largely to external aid and expatriate remittances

Plan aims to quadruple investment

JORDAN'S ECONOMY, still continuing to show its resilience and ability to withstand the stresses and strains inflicted on the region by Israel's invasion of Lebanon and by the Gulf War, maintained during the 1976-80 development plan period a respectable growth rate in Gross Domestic Product of 8.5 per cent. Indications are that this was slightly improved on in 1981 and that the improvement is being sustained.

The growth rate during the period of the plan was achieved despite the fact that between *1976* and *1979 agriculture suffered* acutely from drought. An improvement in that sector in *the past year, coupled* with expansion in the manufacturing, construction and services sectors, enabled the overall growth rate to be attained. Even if these three sectors increased their contribution to the economy to some *extent* at the expense of agriculture, it would be hard to detect yet the *sort of fundamental* changes required to make Jordan's economy, even in the long term, more productive and self-reliant.

The broad fundamentals of the economy have not changed. The comparative *limitations* of such natural resources as phosphates, tourism and a sophisticated *emigrant* labour force has induced a certain sense of realism as to what can or cannot be achieved. This is enshrined in the new development plan covering the years 1981 to 1985.

Population

Jordan remains heavily dependent on aid and grants from outside, which increasingly during the *past* few years have come from the Arab states rather than from the West. The urban concentrations of Amman, the capital, and of nearby Zerqa and Irbid further north have not eased and now contain *approaching half the* East Bank population. The latter's growth rate for the country as a whole is 3.3 per cent a year, coming close to one of the highest in the world. Amman's net population growth rate, as a result largely of the influx of workers from the rural areas, is higher still at 4.6 per cent.

There is full employment and indeed over 100,000 immigrant workers are needed in some of the less skilled areas of the economy. The inflation rate, in official terms, remains at a comparatively modest level of between 10 and 12 per cent. Water is a major constraint and will remain so even if the water discovery at Al-Mukheiba in the north turns out to be a large and self-sustaining reservoir entirely within Jordan and therefore not, *in theory at least*, subject to some negotiated co-ordination with Syria and Israel.

Despite the regional political upheavals there are no signs *that international companies* are having doubts about preserving Amman as one of *the alternative* business centres in the Middle East to Lebanon, whose claim to this position was hit in the last decade for a start by the civil war of 1975-76. Indeed Jordan's position as a vital crossing point for transit trade—whether *from* the port of Aqaba in the south towards Iraq or from Syria—*has if anything* been strengthened and whatever the outcome of the Gulf War could become even stronger.

Among the *surface* anomalies of the economy has always been the balance of payments. The trade balance is *usually* in deficit. It has risen from JD 371.1m in 1977 to JD813.7m *last year*. Exports were up by 41 per cent on the previous year to reach *JD 242.6m* while imports have risen at a faster rate (largely because of the purchase of Tristar aircraft for Alia, the national airline, and *other transport items) to total* JD 1.06bn.

The crucial element in the *balance of payments* is the inflow of loans and economic and technical aid. According to the official budget law of 1982 aid of this sort has risen from $209.7m in 1981 to an estimated $341.4m for 1982. The main donors were *Iraq with $60.6m—an increasingly important ally* — Saudi Arabia's Development Fund ($41.5m), the World Bank ($35.7m), the Kuwait Fund for Arab Economic Development ($25.5m) and Japan ($23m).

The result is that Jordan has over the past few years recorded more or less consistently a *balance of payments surplus*.

What has been causing some concern, however, is the fact that this balance of payments surplus has been showing signs of declining. During 1980 and 1981 surpluses of JD 38m and JD 44m were recorded: for this year the projections are lower, in the region of JD 30m.

The tourism sector by itself typifies some of Jordan's economic vulnerability in regional terms. One aspect is purely local and has to do with the definition of tourism income. It is something the Tourism Ministry has been working to clear up. The problem is that records for the inflow of funds cover not just genuine tourists but also slightly *longer term* visitors from the Arabian peninsula, for example, and businessmen who *may take* a weekend off to see Aqaba, Petra, Madaba or Jerash. At the same *time funds* spent abroad include Jordanian tourists, a fairly minor item, but *also* the *expenditure* of students and the diplomatic service.

According to the Central Bank of Jordan (whose statistics differ somewhat from those of the Tourism Ministry) the "travel" surplus rose from JD 47.07m in 1980 to JD 67.29m in 1981 (of which JD 188.84m was made up of *funds coming* into Jordan and JD 121.55m of expenditures abroad).

Refugees

The number of visitors has risen from 1.2m in 1979 to 1.6m last year, of whom about three-quarters are from Arab countries. This year's figures *could* be up if the World Tourist Organisation's global estimates *of a rise of* about ten per cent is fulfilled — as Jordan hopes. But calculations have been upset, for example, by the influx this year of refugees from Lebanon.

The tactical aim over the next *few* years is to bring up the number of non-Arab visitors to equal those of the Arabs. But in the *shorter term—excepting the* optimists within the Tourism Ministry—there is concern that Jordan, with two more five-star and two more four-star hotels opening this year, may have over-estimated its capacity to attract visitors. Already the Sheraton chain, because of falling occupancy rates, could be withdrawing from Amman.

In addition, Jordan has been hit by its refusal to permit—as requested by *Israel last year*—on a reciprocal basis tourists entering Israel to visit Jordan *and then* exit via Jordan. This has hit traffic in those tourists who would normally move from Israel across the occupied West Bank and its tourist sites to Amman before returning home.

But even allowing for these difficulties the availability of funds for Jordan is considerable. Its gold and foreign *exchange reserves, according to* the Central Bank, are healthy, totalling JD 641.7m, and compare comfortably with both imports of goods and services and the trade deficit.

On a yearly basis the budget reflects again Jordan's dependence on *outside sources of* funds. Expenditures for 1982 are to total JD 765m, a 20 per cent increase *over last year*. Of this sum, according to Finance Minister Salem Masa'deh, local *revenues would provide* 80.5 per cent of the estimated recurrent expenditures compared with *78 per cent the year before*. Arab aid is expected to reach JD 260m (compared with *JD 244m the year before*).

The actual amount of aid and grants received is blurred by unclearly defined defence expenditure (which between 1976 and 1980 accounted for an average of 41 per cent of current expenditures) and by the payment of the subventions agreed on at the Baghdad Arab Summit of *November 1980 (convened in* protest at Egypt's peace agreements with Israel). Under its terms Saudi Arabia, Kuwait, Libya, Iraq, Algeria, the United Arab Emirates and Qatar were to provide Jordan with a grant annually of $1.25bn. However, in presenting the 1982 budget Mr Masa'deh went out of his *way to thank those countries* (the majority and including Iraq in particular) who made up for the failure of Libya and Algeria to pay the commitments pledged at Baghdad.

Even though Jordan, through *its economic and geographical* position, is fairly heavily exposed to outside inflationary *pressures, it has had considerable* success in containing inflation within the country (though this has not meant that income disparities have been lessened).

Statistically the rate has remained in the region of about 12 per cent. The Government has been able to reduce some *of the burdens through its own* procurement programmes and subsidies (now affecting wheat, flour and petroleum products), by price fixing and through the operations of Government stores. During 1980-81 subsidies on sugar, rice and meat were eliminated. The subsidy on petroleum products fell from *JD 31m in 1980 to JD 24m last* year.

Jordan has had opportunities for serious long-term development planning only in the last decade because of the 1967 Arab-Israeli war, fighting across the Jordan River thereafter and above all the 1970-71 conflict with the Palestinians.

After the initial 1973-75 interim plan the first five-year plan came into action. Actual spending exceeded the target of JD 765m by some 10 per cent to reach JD843.7m, largely because of the increase in private sector investment, which accounted for almost 60 per cent of all investments. The GDP growth rate—at 8.5 per cent—fell short of the 12 per cent target. But even if it did not succeed in reducing the dependence on foreign aid, the trade deficit or the growth of urbanisation, it did have some effect in spreading economic activity more broadly throughout the kingdom.

The new plan is four times larger in terms of investment. The total has been raised from JD 2.5bn to JD 3.3bn. In broad terms it aims at a growth rate average of eleven per cent a year in GDP. In its presentation it is more comprehensive and clearer than previous plans. Officials are confident that Jordan *will obtain the JD 1.1bn* they are hoping for from foreign loans and technical assistance. Only in the areas of housing and health do they fear that *sufficient* finance from abroad might not be forthcoming.

Spill-over

The plan aims also to reduce the share of the services sector in the GDP from 61 per cent to 54 per cent over the plan period. Mining, manufacturing, *electricity and water are to have* their shares increased from 28 per cent to 31 per cent. In the *first year preliminary* figures indicate that JD 570m had been invested against the projected JD 420m, largely because of the spill-over of projects from the previous plan and an increase in private sector investment.

So long as funds coming into Jordan are not impaired or halted for a period the Government's plans for the development of the country should not be unduly disturbed. But some *signs remain that there is some* way to go before real development matches its goals.

The Gross National Product growth rate has been quite high but per head of population it *is still only $1,500. Moreover*, among half of Jordan's families the average is less than two thirds of the overall level. In short, income is distributed very unevenly and such consumption levels as are maintained—and in some areas they are high—the dependence on outside, especially Arab aid, *is underlined*. This will remain a weak spot until somehow the internal capacity for production is increased.

Anthony McDermott

Big income from expatriate labour

JORDAN, with much help from its highly motivated Palestinian manpower, has a profitable labour surplus. There is no unemployment as such but there are areas of shortage which are filled by immigrant labour. At *the same time more than half* Jordan's labour force, currently 580,000, works abroad.

At present there are some 120,000 foreigners working in Jordan, in 1981 they remitted JD55m (compared with JD50m in the previous year). Through the official banking system Jordanians working abroad remitted *JD541m*, up by almost a half on 1980's remittances of JD235m. Unofficially, the *contribution to the economy may* be double that recorded by the Central Bank of Jordan.

Judging by returns in May and June economists expect Jordanian remittances will show a further increase this year and that in the longer term, although the rises each year may not be so steep, a *ratio of about seven to one will* be maintained between the remittances of Jordanians abroad and foreign workers in the country.

As convenient and profitable as this labour balance may seem the Government is undertaking two drives to refine its own market further. The first is to attract more women into the labour market. The second is to encourage students to take vocational *training instead of pursuing* academic careers.

Emigration

The emigration of Jordanian workers started in earnest after the 1967 Arab-Israeli war and gathered further strength with the sharp rise in oil prices in the 1970s. Thus remittances were worth a mere JD5.25m in 1961, and then doubled over the previous year's figures in 1975 to amount to JD53.25m before attaining current levels. Of Jordan's estimated *310,000* workers, 40,000 work in Saudi Arabi and 80,000 in Kuwait. Besides other areas in the Gulf, some 60,000 work in the U.S., West Germany, and to a lesser extent Britain.

According to *Dr Jawad* Anani, the Minister of Labour, "the demand structure has *shifted from semi-skilled and* skilled blue-collar workers." A study being compiled by the *Royal Scientific Society* (RSS) to be published later this year indicates that more than one quarter of *current migrant* workers are involved in sophisticated production and construction work, followed by teachers and clerical workers, each with about 19 per cent.

The contribution to Jordan's balance of payments has been striking. In 1975 remittances were worth more than exports for the first time. The RSS has calculated that between 1972 and 1979 there would have been a *substantial* balance of payments deficit in five years out of eight without them. Indeed, *a surplus in 1979 of JD63.7m* would have been a deficit of JD116.7m if none had come in and of JD26.5m if only half had been received.

The structure of Jordan's education system—there was a total of 742,265 students in 1979-80—is such that there are imbalances affecting both ends of the labour scale. With nine years of education compulsory, one result is that many students *are emerging overqualified* for some kinds of work: hence the imported labour, of which 75 per cent comes from Egypt and 20 per cent from India, Pakistan, the Philippines and Sri Lanka.

Under the terms of the 1981-85 plan it is proposed to create some 280,000 new jobs but as the net number of people joining the labour market annually is estimated at only about 25,000 there is still likely to be a short*fall of about 150,000*. Some of of this gap could be closed by the greater employment of women. Their *participation in* the labour force has risen from 12 per cent in 1975, the year after a Government campaign started, to a quarter last year. The aim by the end of the plan is 30 per cent.

There is no doubting the abilities of women to make a significant contribution to the work force. They account for 46 per cent of the student population as a whole, and a phenomenal 51 per cent of higher education (Jordan, with 120,000 pursuing this, has one of the highest proportions in terms of college education in the world). One element contributing to the high proportion of female university students is the reluctance of parents or guardians to permit them *to travel abroad. In 1979*-1980, Jordan had a total of 66,931 students in higher edu*cation abroad—mainly in Egypt* with 24,299; Lebanon 9,830; the U.S. 6,112; the Soviet Union 4,500; *Rumania 2,794 and* Yugoslavia 2,261.

A study produced by the Ministry of Labour in December 1981 on female labour confirmed the trend towards more joining the market. Inflation, the need to supplement the family income and the avoidance of *boredom* were cited as main reasons. Over 80 per cent of those questioned wanted higher academic qualification, and another 10 per cent vocational training. Teaching was the most preferred but by *no means* the only profession. However, only half said they would continue to work after marriage (Moslems were slightly more conservative than Christians in attitudes towards women working). But the fact remains that according to Dr Anani, "most women quit work after two years of marriage in order to attend to family life."

At the top end of the education scale Jordan thus has an impressively well-qualified workforce. Indeed, in some sectors *of medicine and engineering it* can be argued that there is a surplus. To some extent this could be exacerbated by the expansion in the five year plan of the Universities of Jordan and Yarmuk, and less so Mut'ah (mainly a police college, "for civic and higher military education" under the terms of the March 1981 law).

To offset this top-heaviness, both the Ministries of Education and Labour, according to Dr Anani, are encouraging students between the ages of 15 to 18 to *take vocational training* instead of pursuing academic careers. The Vocational Training Corporation (VTC) in 1981 accepted 1,200 applicants for the more than 50 schools and training centres in the country and is currently building eight more large centres. By the end of the plan it is hoped that some 8,000 will have benefited from courses and in-plant training. "Moreover," says Dr Anani, "the youth *of the ages 18 to 20 years are* offered a variety of specialisations in the newly established two-year community colleges." These number 34, of which 20 are owned by the private sector, and total enrolment numbers about 20,000.

Even though Jordan's educational system is in many ways superior to those of most other Arab countries, the Government is acutely aware that it cannot *let manpower—an asset as* valuable as oil — slip. For this reason earlier this year a Higher Educational *Committee, headed* by the Prime Minister, was set up to carry out what Dr Anani described as "a comprehensive manpower planning design."

A. McD.

هكذا من الأصل

The country is an archaeological treasure house

Rich in the vestiges of mankind

THE FOREIGN visitor to Jordan is always impressed by the intensity of economic activity throughout the country and by the seemingly improbable attempt by this small nation to play a role in the development of the Middle East region as a whole.

But that — as the antiquities of Jordan remind us constantly —has always been the hallmark of this strategically located land, and the visiting businessman or tourist would do well to take some time to explore its rich archaeological heritage. Not only is the experience in itself exciting, and often stunningly so; it provides a deeper understanding of what makes Jordanians the energetic, regionally-orientated people they are.

For its size Jordan may well be the world's richest and most complete archaeological repository. It boasts remains of mankind's past in a single amazingly unbroken sequence from about 500,000 years ago until today and therefore offers something of interest for all who wish to have a better understanding of the present by studying the past.

Two other factors that make archaeology in Jordan so stimulating are the rapid pace of new *discoveries and the easy* accessibility to major sites throughout the country.

It is routine to read weekly local newspaper accounts of discoveries of Roman tombs or Byzantine church mosaics or Hellenistic roads that have been uncovered during digging work on a new sewage project or highway. The pace of finds far outstrips the ability of the Department of Antiquities, headed by former University of Jordan Professor Dr Adnan Hadidi, to keep up with the most basic work that must be done in all cases to document and, if necesary, protect discoveries. There is such an awesome wealth of uncovered material already above ground that must be studied, preserved and restored that the department can hardly cope with the new finds.

In many cases a contractor who unearths an obvious bit of archaeological remains will simply plough it under rather than go to the trouble of notiying the Department of Antiquities and thereby have to interrupt his construction work for the few weeks that are normally required to assess a new find and, if necessary, conduct an emergency rescue dig to remove artefacts and put them on display in one of the many small but crowded museums throughout the country.

A typical example of the wealth and serendipity of Jordan's archaeology is the discovery five years ago of a series of plastered floors that were uncovered when a bulldozer was breaking ground for a new highway complex at the northern entrance of Amman. The Department of Antiquities did not have the staff to conduct an emergency dig, so the evidence remained untouched and the highway was built as planned.

Intriguing

Earlier this year, however, an international team of resident archaeologists in Amman was put together at last to look into the intriguing indication that those plastered floors that had been revealed five years ago could well be remains of a Neolithic village from around 7000 BC. After six weeks of digging the team's test probes revealed a Neolithic village that is perhaps as much as ten times the size of the famous Jericho site of the same era.

The Ain Ghazal site, as it is called, has already produced solid and extensive evidence of a large Pre-Pottery Neolithic B village complete with stone and mud brick houses, plastered and red painted floors, domestic human burials, stone and bone tools and ornaments, plastered and stone bowls, grinding stones, clay animal figurines and clear evidence of both animal and plant domestication. The Ain Ghazal site could keep scores of archaeologists busy for 50 years, given its size and potential.

The remains already indicate a very large Neolithic village that was an intermediary stage of human village development between the semi-nomadic hunters of the 10,000 BC Natufian period before the Neolithic and the settled farming communities that developed into villages and then cities in the millenia after the Neolithic Age.

The need to investigate finds such as the village at Ain Ghazal is constantly constrained by the parallel work that has to be done on existing antiquities sites. The extensive systematic study of the antiquities of Jordan has been under way on a serious scale for the past decade or so. In the past three years an average of at least 20 international archaeological teams have been in the country every year to conduct digs or surveys, with Jordanian archaeologists from the Department of Antiquities or the universities of Jordan and Yarmouk doing half as much again on their own.

The result of the last several decades of work gives the visitor to Jordan a wide choice of varied sites to view. The most spectacular is the rock-cut Nabataean capital city at Petra, where research is still going on and will be stimulated further when a research complex is completed next year as part of the upgrading of touristic and archaeological facilities there. Petra is a full day's trip.

The Graeco-Roman city of Jerash, which can be visited easily in half a day from Amman, is also being fully restored while further digging continues. It is among the most complete and best preserved Roman provincial cities in the world. Three other Roman cities that were with Jerash in the ten-city league of Roman cities, called the Decapolis, are in the process of being unearthed in Jordan. They are Umm Qais, Pella and Abila.

The Ommayad desert castles east of Amman and the Byzantine mosaics in and around Madaba are both easy trips from Amman, while inside the capital one should study the Roman amphitheatre downtown and the remains of the citadel on a nearby hill, where the small but rich national archaeological museum is located and is very much worth a few hours' visit.

The hundreds of other archaeological sites in Jordan that have been investigated or surveyed indicate that people lived in this land in an unbroken pattern of human settlement spanning the Stone Age, the Natufian, Neolithic and Chalcolithic periods, the Bronze and Iron Ages, the Persian, Hellenistic and Roman periods, and, finally, the Byzantine, Islamic and Ottoman periods. Jordan's strategic location made it a cross-roads between the dominant civilisations that flourished all around it in Egypt, Palestine, Syria, Mesopotamia and Persia, and therefore the soil of Jordan has served as a repository for the vestiges of many ancient travellers and dwellers in the area.

Many of those people from past centuries or millenia made a living in a manner very similar to that of contemporary Jordanians.

Rami Khouri
Amman Correspondent

Above: A Neolithic stone bowl sees the light of day again after 8,000 years at the Ain Ghazal site. Below: Remains of the Ancient Roman city of Pella

Innovation sets the tone for banking system

THE RAPID growth of the Jordanian banking system and its increasingly sophisticated services is expected to continue well into this decade, reflecting the entrepreneurial spirit of private bankers, an activist central bank and a continuing high rate of capital inflow from abroad. Jordan's bankers, having made it through the 1950s and 1960s as the conservative old guard of the economy, have entered the 1980s in the vanguard of economic innovation and growth.

The country's 16 Jordanian, Arab and foreign commercial banks are continuing to grow at an annual rate measured by total assets that has averaged 33 per cent a year since 1977. Total deposits reached JD1.054bn ($3.16bn) by the end of the first quarter of 1982, while total outstanding credits were JD802m ($2.4bn), of which commerce and construction continued to account for 59 per cent.

The banking system was spurred into innovation in the late 1970s when the financing requirements of local clients started becoming too big for individual banks to handle. A series of investment companies was established to promote the concept of locally syndicated dinar loans and bonds.

Since 1978 banks in Jordan have put together 30 syndicated loans worth of JD75m ($225m)—a small amount compared to the volume in the Gulf and Euromarkets but a highly significant achievement for a Jordanian market that can henceforth rely on its own capital resources to finance all save the very large multi-million-dollar industrial schemes and infrastructural projects which continue to be financed largely by international soft loans.

Central Bank monetary controls have kept interest rates on loans and bonds within the 10-11 per cent range, thereby making local dinar credits more attractive than Euroloans with their 16-18 per cent a year bracket—not to mention the absence of foreign exchange risk in a dinar syndication. Some of the more conservative banks in Amman have been further spurred to innovation by a new Central Bank of Jordan policy to rediscount 50 per cent of a bank's share in a local syndication for the life of the loan.

In the latest JD10m ($30m) syndication being put together for the phosphate company, the Central Bank has agreed to rediscount only 40 per cent of banks' participations—but at one percentage point higher than the normal rediscount rate of 6.5 per cent. "Some loans needed this carrot," Central Bank Govenor Dr Mohammad Sa'id Nabulsi told the Financial Times in Amman last month, "but it shouldn't be taken for granted in all loans."

The success of the three investment banks established in 1979 (Arab Jordan Investment Bank, Jordan Securities Corporation and Arab Finance Corporation-Jordan) has prompted a *flurry of new applications for* similar institutions so as to get around the Central Bank's ban on issuing any new commercial bank licences.

Licences

In the past year the Central Bank has approved licences for two more investment companies, both of which will be headed by individuals with significant banking and finance experience in Jordan. Ten more licences are pending but are unlikely to be approved for at least two years or until the Central Bank can gauge the capacity of the Jordanian market to absorb more institutions of this kind. Two new Islamic banks have been licensed to operate on the profit-sharing, as opposed to the interest-paying principle.

The other new institutional entry into the banking sysem is the building society-type company that arranges for contractual savings from individual clients tied into a home purchasing plan. One company that has already started work, REFCO, is doing well and three other licences for similar companies have been apprœved by the Central Bank. These firms are allowed to take deposits from their clients, while three other similar companies licensed by the Industry Ministry work in the same field but without taking deposits.

Activity on the four-year-old Amman stock exchange continues to increase steadily, reflecting both the performance of Jordanian industries and the need of Jordanians to find new investment outlets for the increasing amounts of cash flowing into the country from abroad. The stock exchange registered a total trading volume in 1981 of JD75m ($225m).

Inflowing capital, including official aid transfers, remittances of Jordanians and Palestinians in the oil states, tourism income and foreign investments seeking the relative safety of Jordan compared with other more turbulent Middle Eastern states, has contributed heavily to the rapid growth of the money supply.

Early this year the total money supply (M2) reached JD1.264bn ($3.8bn) and is rising at a steady annual rate of around 25 *per cent, which the country's* economic authorities view as acceptable in view of the inflation rate of over 10 per cent a year and the overall economic growth rate of just under 10 per cent.

The inflationary effects of the rapid money supply growth are partly checked by what has been a deflationary budget during the past three years. Central Bank monetary controls also play a part in averting runaway inflation, aiming to limit credit growth and direct more loans towards productive investments. Controls in force include a credit/deposit ratio of 67.5 per cent, a minimum liquidity ratio of 30 per cent and a capital/deposit ratio of 7-10 per cent, depending on the capital base of the bank. Commercial banks are also compelled to invest 4 per cent of their deposits in government Treasury bills and 6 per cent in local bonds.

The six specialised credit institutions have performed more erratically than the commercial banks. The most successful have been the Housing Bank and the Industrial Development Bank. All six insitutions increased their loans outstanding at the end of 1981 to JD195m ($585m), a rise of some 20 per cent.

Jordan's insurance business also continues to grow briskly. The 22 local and 13 foreign insurance companies collected premiums worth JD19.6m ($59m) in 1981, a 28 per cent rise over 1980.

R. K.

Farming policy lacks political will

AGRICULTURE HAS always been the problem child of Jordanian development planners and there have been few indications during the past decade that *the country has the ability to* come to grips with what is still an erratic sector of the economy.

The basic problem is the heavy reliance on annual rainfall for both cereals farming and livestock grazing. Over 90 per cent of agricultural land still relies on rainfall — a reality only slightly tempered by the increased irrigation lands in the Jordan Valley. But much of the valley's produce in any case is exported to nearby Arab oil-producing states, where prices for off-season produce from the valley are high.

The result is that Jordan imports something like two-thirds of all its food requirements. This has led one prominent Jordanian official to comment privately: "If we are not careful one day we will sell our independence for a bushel of wheat."

During the last five-year plan period (1976-80) income from agriculture increased at an annual average rate of 18 per cent, rising (at current prices) from JD 26m to JD 60m. This equals an annual growth rate of 5.7 per cent at 1975 prices. But the contribution of agriculture to the overall economy has dropped during the past decade from 14.3 per cent of Gross Domestic Product (GDP) in 1971 to 7.6 per cent in 1980.

Several years of drought in the late 1970s were partly responsible for this decline.

An encouraging element has been the willingness of the *private sector to invest heavily* in modern agricultural techniques. This is most evident in the Jordan Valley, where the Government and 14 international aid agencies are investing a total of nearly $1.5bn in an integrated development project that will provide pressure-pipe irrigation for more *than 30,000* hectares of prime farmland.

The agricultural investments are closely tied in with the provision of a full range of social services — housing, schools, hospitals, roads, community centres, domestic water, *electricity*, and communications —with the result that the valley has started to attract a growing permanent population that now numbers over 100,000.

During the last plan, total investments of JD 52m in agriculture broke down into JD 47m *from the* private sector and JD 5m from the public sector. Most of the private money is going into sophisticated cultivation systems such as plastic hothouses, drip irrigation, sprinkler systems, plastic mulch and row tunnel systems, improved seed, chemical fertiliser, and insecticide/pesticide applications.

Only about 9 per cent of the land area of Jordan is cultivable, and of the cultivable area of 528,300 hectares about 490,000 are rain-fed land and slightly over 38,000 irrigated. During the last plan period 6,400 hectares of newly irrigated lands were brought into production in the valley, with another 2,000 hectares converted from surface to pressure-pipe irrigation. In the rain-fed highlands 12,800 hectares were planted with fruit trees and 700 hectares with citrus.

Strong reliance

The heavy reliance on rainfall maintains the erratic performance of the agriculture sector as a whole. Preliminary figures for the 1981 harvest indicate that Jordan produced just 50,600 tonnes of wheat and 19,200 tonnes of barley, or only about 15 per cent of its requirements. Vegetable production reached 413,500 tonnes—a new high, reflecting increased valley output. Fruit production was 156,000 tonnes.

Two-thirds of agricultural production is accounted for by crops, while one-third is livestock. Local livestock (sheep and goats) provides only a small part of total red meat needs, but substantial investments in poultry farming have put Jordan within reach of self-sufficiency in poultry and eggs during the current 1981-85 plan. In 1980 the country produced 360m eggs and 28,000 tonnes of poultry meat.

The increased exports of fresh fruit and vegetables from the Jordan Valley have not made any appreciable dent in the large food deficit and are unlikely to do so in the near *future, given the rapid increase* in food imports. In 1981 food exports worth JD 34m ($102m) were offset by food imports worth JD 156m ($468m), for a food trade deficit of JD 122m ($366m).

But the sharp increase in *production in the valley is not* being fully exploited because of chronic marketing problems that have characterised the Jordanian agriculture sector for at least five years.

It is becoming an annual event in the spring for the Government to have to step in and buy up big surpluses of fresh tomatoes and other vegetables because the farmers of the valley have been unable on their own to devise more coherent cropping patterns geared to the domestic needs of Jordan and the demands of the nearby Arab markets in Iraq, Syria, Saudi Arabia and the oil-producing states of the Gulf.

The new plan (1981-85) aims at agricultural investments of JD 234m ($702m), along with investments in water and irrigation projects of JD 522m ($1.566bn). The aim is to increase agricultural income from JD 60m in 1980 to JD 86m in 1985 (at 1980 prices), or an average annual increase of 7.5 per cent. By 1985 agricul*ture's share of GDP is projected* to decrease to 7.2 per cent.

One of the unresolved problems facing agricultural development throughout the rain-fed areas is the fragmentation of farmland into relatively small plots.

Another problem is the disappearance of prime rain-fed lands in expanding urban regions around Amman and *Irbid in the northern half of* the country. The Government has consistently displayed a lack of political will by allowing the expansion of urban areas westwards into the farming lands instead of eastwards into the dry areas bordering on the eastern desert.

Rami Khouri

PLANNED DISTRIBUTION OF INVESTMENT 1981-85 (JDm)

	Central government	Public and autonomous institutions	Private and mixed	Total
Agricultural and co-operatives	52.6	—	181.9	234.5
Water and irrigation	275.6	246.1	—	521.7
Manufacturing and mining	23.0	19.0	716.8	758.8
Electricity and energy	—	124.3	39.1	163.4
Tourism and antiquities	16.9	—	48.8	65.7
Sub-total commodity-producing sectors and tourism	368.1	389.4	986.6	1,744.1
Trade and supply	25.5	6.0	5.5	37.0
Transportation	246.1	239.4	60.0	545.5
Communications	3.6	103.2	—	106.8
Culture and youth	9.8	—	—	9.8
Information	7.9	—	—	7.9
Education	120.0	86.3	20.0	226.3
Health	80.7	—	20.0	100.7
Social development	9.4	—	5.8	15.2
Labour and manpower	—	1.0	6.5	9.2
Housing and government buildings	17.9	123.1	167.1	308.1
Municipal, rural and environmental affairs	10.7	164.9	—	175.6
Al-Awqaf	2.5	—	3.9	6.4
Science, technology and statistics	1.2	—	6.2	7.4
Sub-total services sectors	536.3	729.4	290.2	1,555.9
Total investments	904.4	1,118.8	1,276.8	3,300.0

Source: National Planning Council.

Fertiliser sector expands

THIS YEAR will go down in history as a landmark in the long slow process of industrialisation in Jordan. There have been two important achievements. The $450m potash project along the south-eastern shores of the Dead Sea has been completed on schedule and within budget, along with the $400m chemical fertiliser plant at Aqaba, which this year expects to produce close to 200,000 tonnes of diammonium phosphate, rising to 740,000 tonnes annually when in full production.

The potash project, which will produce 1.2m tonnes of potash a year at full production in the mid-1980s, will exploit the mineral-rich waters of the Dead Sea —nearly 30 years after their economic potential was first identified in the mid-1950s.

The Aqaba chemical fertiliser project is significant because it is the first large-scale industrial venture to transform Jordan's raw phosphate rock at home and export it in the form of high-value chemical products. Alusuisse is in the process of designing and building an associated $29m plant in Aqaba to use the by-products of the chemical fertiliser industry to produce 20,000 tonnnes a year of aluminium fluoride. West Germany's Lurgie Chemie is producing a study on the feasibility of extracting uranium oxide from phosphate rock during the chemical fertiliser production process.

When they reach full production in the next few years these two mineral-based industries should bring in over $300m in export revenue, thereby making a significant contribution to the balance of payments and helping to offset the heavy trade deficit.

The third large minerals producers, the phosphate company, is in the middle of a continuing expansion programme that now envisages production capacity at about 5m tonnes a year; last year's output was 4.24m tonnes. The Jordan Phospate Mines Company's major project for a decade is the building of a new mine site at Shidiya, in south-eastern Jordan, to exploit the 600m tonnes of proven high-grade phospate rock and 400m tonnes of indicated reserves.

The project, now in the feasibility study phase, should produce some 10m tonnes a year at *full production, which* is projected at the second half of the 1990s.

These three fertiliser-producing projects form the heart of Jordan's industrial aspirations. Other major mineral schemes include the sixth-kiln expansion of the existing Portland cement plant at Fuheis, north-west of Amman, to bring total capacity to 2m tonnes a year; construction of a new 2m tonnes a year Portland cement plant at Rashidiya, in south-west Jordan, at a cost of $225m as well as a smaller, 100,000 tonne capacity white cement plant north-east of Amman for the Syrian-Jordanian Company for Industry.

Expansion plan

Other developments include expansion of the petroleum refinery at Zerqa to a capacity of 4.2m tonnes of crude oil a year; construction of a timber-processing industry at Aqaba and a sheet glass factory at Maan in the south and the possible construction of a new Portland cement plant in the north-east near Azraq to produce 2m tonnes of cement a year for export.

The mining and industry sector of the economy is dominated by these large government-*sponsored projects but also con*tains thousands of smaller privately owned companies producing for the limited local market as well as for export to nearby Arab markets.

Between 1970 and 1982, according to the most recent Industry Ministry statistics, the number of companies registered in Jordan grew from 2,305 to 12,439. During the last five-year plan (1976-80) 670 medium and large factories were licensed as well as 2,300 small industries and workshops. Investment in the industrial sector during the last plan totalled JD317m, compared to the projected JD229m. In the new plan for 1981-85 industry and mining are allocated JD759m ($2.277m) in investments, the single biggest sectoral allocation in the entire plan.

The aim of the current plan is to increase the contribution of industry and mining to Gross Domestic Product from the 21.8 per cent of 1980 to 29.3 per cent in 1985. During the last plan the industrial sector did not achieve its growth targets because of delays in completing some of the big mineral schemes and constraints on labour and productivity. Nevertheless, between 1976 and 1980 the industrial sector achieved an annual growth rate of 27 per cent, much of it thanks to the initiative of the private sector.

The focus of Jordanian industrialists and government planners will shift in the coming years from the large mineral-based projects now almost completed to more medium-sized processing and manufacturing industries geared to nearby Arab export markets and based increasingly on locally available raw materials.

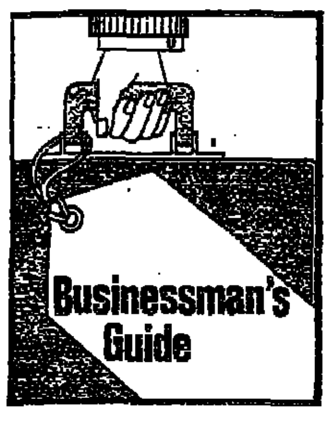
A big industrial estate is being established at Sahab, just south of Amman, and industrial zones have also been established in some other large cities such as Irbid, Salt and Zerqa. A free zone has been operating at Aqaba for the past five years, two others are being set up in Zerqa and at Ramtha, along the northern border with Syria.

Energy and water continue to be two problem areas for Jordan's long-term industrial plans. All Jordan's energy is imported in the form of crude oil, *from Saudi Arabia, local pros*pecting has yet to discover oil in commercial quantities. A test well in the north earlier this year indicated the presence of oil and gas but another year of work will be required to determine the commercial extent of the indications. *Oil*-bearing shale is plentiful in the Lajjun region, about 100 kilometres south of Amman, and tests are underway to determine the best means of commercial exploitation to generate electricity. Thermal energy exploitation is also being studied in the hot springs region of Zerqa-Ma'in and Zara east of the Dead Sea coast.

Water constraints will be the hardest to overcome in the long term, given Jordan's already tight water situation and the competition for resources beween agriculture and municipal/industrial users.

R. K.

Main centres offer high standard of accommodation and services



HOTELS - AMMAN	Rating	Telephone	Telex
Jordan Intercontinental	★★★★★	41361	21207
Regency Palace	★★★★★	60000/20	22244
Holiday Inn	★★★★★	63100/8	21859
Amman Marriott	★★★★★	60100	21145
Jerusalem Interntl., Melia	★★★★★	65121/4	22330
Amman Crown	★★★★★	71256/78468	22269/21530
Ambassador	★★★★	65161/23	21628
Ammon	★★★★	44263/4/5	22011
Grand Palace	★★★★	61127/61121	21292
Middle East	★★★★	67150/67160	21139
San Rock	★★★★	81380114	22211
Hala Inn	★★★★	43106/43226	21188
Philadelphia	★★★★	25191	21490
Tyche	★★★★	64114/64101	64114/64101

Doing business

Except for the month of Ramadan, when most of the Muslim population of the country fast from dawn till sunset (and therefore work becomes slower as working hours shrink), business in Jordan can be done equally well in any month of the year.

Ramadan in 1983 will fall approximately between June 6 and July 6, and the year after approximately two weeks earlier and so on (no drinks may be served during this month except in four- and five-star hotel rooms and night entertainment is almost non-existent).

Usual working hours for government departments are from 8.30 am to 2.30 pm, for most banks from 8.30 am to 12.30 pm, and for the private sector from 9 am to 5 pm except on Thursdays when work is only half a day.

If you have a representative or an agent in Jordan, you can do business faster and more promptly, especially if he has good contacts and knows government regulations which touch upon almost all business transactions in the country. Foreign concerns planning to sell in Jordan will usually find it necessary to appoint a local agent—based normally in Amman.

In case of sales to the public sector, the use of an agent is often mandatory.

Airlines

Most international airlines keep offices in Amman and have frequent scheduled flights in and out of the city. However, the most dominant role in air travel is played by the Royal Jordanian Airline, Alia, which has its subsidiary executive jet service Arab Wings. The jet service operates shuttles for businessmen and officials upon request from Amman to anywhere in the Middle East and vice versa.

Taxis

There is no shortage of taxis in Jordan nor are their fares high.

Drives within the city rarely exceed JD 1.0. All taxis in Amman should have fare meters, and drivers appreciate a 10-20 per cent tip. A taxi service operates out of Amman Airport day and night for a special charge, JD 2, controlled by a government office located at the airport.

If you wish to hire a car during your stay here, there are many rent-a-car agencies in Amman. Hire cost per day ranges between JD 9 plus 85 fils for each kilometre plus JD 2.5 insurance for a new model Mercedes and JD 6 plus 60 fils for each kilometre plus JD 2.5 insurance for the smaller, more economic Toyota.

Car-hire Agents
Avis: Tel: 41350. Telex: 21363.
Europcar: Tel: 43901/39197. Telex: 21410.
Tyche: Tel: 25700. Telex: 21771.
Jorac: Tel: 44938. Telex: 21502. (branch at Aqaba)

Currency

One Jordanian Dinar (abbreviated JD) is equal to 1,000 fils and worth about $3.00 and £1.50. International currencies could be easily exchanged in Jordan at banks or money exchangers throughout the country.

There are virtually no restrictions on the amount of money exchanged or currencies carried by visitors, but it is recommended that exchange transactions be made in Jordan rather than abroad simply because the dollar and the pound sterling, for instance, are better known and more used here than the JD in the United States or the UK respectively. Travellers cheques issued by UK banks are accepted in Jordan.

HOTELS - AQABA	Rating	Telephone
Holiday Inn	★★★★★	2426
Coral Beach	★★★★	3521
Miramar	★★★★	4341
Al Cazar	★★★★	4131

Banks

Jordan-Kuwait Bank; Jordan-Gulf Bank; Arab Bank; Bank of Jordan; Petra Bank; Cairo-Amman Bank; Housing Bank; Jordan National Bank and The Housing Bank.

Foreign banks

Citibank; Chase Manhattan; Grindlays; British Bank of the Middle East; Rafidain (Iraqi); Arab Land (Egyptian); Bank Al Mashreq; Bank of Credit and Commerce International; Opening hours from 8.30 am to 12.30 pm.

Housing and Petra banks open for customers in the afternoons from 3.00 to 4.30 pm. All banks close on Fridays.

Telephone and Telex

Communications between Jordan and the outside world will be much improved when the international direct dial system comes into operation towards the end of 1982. Now, however, international calls have to go through the operator and you may at times have to be patient, unless of course, your hotel or associates have one or more of the temporary direct lines to the outside world, courtesy of the French company (Thompson-CSF) which is still in the process of installing the new long-awaited system.

The telex system is reliable, even though Jordan could do with more lines to meet with a constantly growing demand. Telex services are provided in most hotels, government departments and centres and privately-owned companies.

Hotels

Clustered in the more fashionable area of western Amman are most of the city's four- and five-star hotels. Three of the six five-star hotels (Amman Marriott, Amman Crown and Jerusalem International, Melia) have only been in operation a year but are now in full swing.

Room rates for the five-star hotels range from JD 18 for a single room to JD 22 for a double room, and all generally offer excellent services and good facilities to businessmen.

Four-star rated hotels are smaller, and, by definition, have fewer facilities. But they too offer good services and most provide a comfortable stay in Amman.

Room rates for the four-star hotels range from JD 15 for a single to JD 20 for a double room.

In Aqaba, the only five-star hotel is the Holiday Inn, flanked on the beach and not too far away from the Coral Beach, Miramar and Al Cazar hotels.

Restaurants

The most elegant restaurants in Amman are those on the rooftops of the big hotels, where a three-course meal excluding drinks, will be offered at about JD 15 per person. Cost of an imported bottle of wine is on average JD 7; local wine costs less and could be a good alternative. The best among these restaurants is perhaps the Crown Rotisserie of the Jordan Intercontinental Hotel.

There are good restaurants in Amman offering less expensive French, Chinese, Italian, Indian and traditional Arabic delicacies. The cuisine in each case of course varies, but most restaurants have a mixed menu that includes both Arabic and international dishes.

Like hotels, restaurants in Jordan are classified and their prices controlled by the Government.

Business contacts

British Embassy, P.O. Box 87. Tel: 41261, Third Circle, Amman.

Embassy of the Hashemite Kingdom of Jordan, 6 Upper Phillimore Gardens, London W8 7HE. Tel: 01-937 3685. Telex: 919338.

Consulate of the Hashemite Kingdom of Jordan, Suite 1283, 130 Queen's Gate, London SW7 5LE. Tel: 01-370 4242. Telex: 267753.

Department of Trade, Commercial Relations and Exports Division, 1 Victoria Street, London SW1H 0ET. Tel: 01-215 3508 and 5220. Telex: 27366 and 8811074.

Department of Trade, Export Services and Promotions Division, Export House, 50 Ludgate Hill, London EC4M 7HU. Tel: 01-248 5757. Telex: 886143.

Arab-British Chamber of Commerce, 42 Berkeley Square, London W1X 5DB. Tel: 01-629 1249. Telex: 22171.

Ministry of Trade and Industry, Amman, P.O. Box 2019. Tel: 63191.

Chamber of Industry, Amman, P.O. Box 1800. Tel: 44569.

Chamber of Commerce, Amman, P.O. Box 287. Tel: 66151.

French Embassy, Amman, P.O. Box 374. Tel: 41273.

West German Embassy, Amman P.O. Box 183. Tel: 41351.

United States Embassy, Amman P.O. Box 354. Tel: 44371.

The Middle East Association, Bury House, 33 Bury Street, St James's, London SW1Y 6AX. Tel: 01-839 2137/8/9.

George Hawatmeh

Study group for transport needs

THE LAST few years have seen a large increase in the amount of freight and passengers moving through Jordan, and a comprehensive construction programme is busy extending transport networks to catch up with demand. The big question hanging over any long-term development, however, is whether the transportation boom is here to stay or whether it is a temporary phenomenon resulting from the Gulf War.

The tough task of answering that question falls to a consultancy group comprising Hughes Economic Planning of the UK with Dorsch Consult and Deutsche Eisenbahn, both of West Germany. The group was appointed at the end of March to analyse traffic flow and freight destinations, examine road, rail, sea and air facilities, and assess management.

Guidelines

Their interim report, to be submitted to the Ministry of Transport in September, will come up with some important policy guidelines. The Government intends to invest JD 545.5m in transport under the current 1981-85 plan, but priorities and allocations will be adjusted in the light of the consultants' recommendations.

Development of the transport sector was certainly well under way before the Gulf war broke out. The 1976-1980 five-year plan allocated it JD 120m, or about 16 per cent of the total investment budget. The port of Aqaba underwent major expansion with an eye to attracting transit traffic as well as coping with Jordan's imports and exports. Some 600 km of primary and secondary roads and 550 km or rural roads were built, and construction continued on the new Queen Alia international air-port under the revised and expanded 1976 master plan.

Aqaba is now being expanded and modernised still further at a total cost of JD 57m. The present floating container berths will be replaced by a permanent container terminal with roll-on roll-off facilities, being built by Wimpey of the UK for completion in 1984. The existing commercial port, which handles general cargo, will get three new freight berths and related warehouses, while new export terminals for potash, fertilisers and phosphate are under way or planned.

Even before the Gulf war, congestion in Iraqi ports led to the beginning of transit trade through Aqaba, but the real boom has come as a direct result of the war and Iraq's substantial loss of sea access. In 1978 less than 10 per cent of Aqaba's incoming general cargo was in transit. In 1981 this had risen to 60 per cent or 3.6m out of a total 6m tonnes, and this year transit cargo is expected to make up 6m out of a total 8m tonnes. In each case, the transit cargo is almost wholly bound for Iraq.

It is too early to say whether—as and when the Gulf situation returns to normal — Aqaba will handle cargo for a wider range of destinations. Certainly some planners feel that the long-term value of the new facilities will be for Jordan's own imports and exports, though Aqaba could then find itself with excess capacity.

Freight destined for Iraq is sent from Aqaba by truck, and as a result Jordan's roads have taken a heavy pounding over the last couple of years. The existing desert highway connecting the port with Amman has been literally breaking up under a daily onslaught of around 2,000 vehicles each way, mostly lorries weighing up to 80 tonnes laden.

Plans to improve road links between Aqaba and the Iraqi border date back to the late 70s. The current construction programme focuses on a JD 30m four-lane road running alongside the existing desert highway from Amman to Ma'an, a distance of 190 km, due for completion in 1984. The present 120 km road connecting Ma'an with Aqaba will be upgraded into a four-lane highway at a cost of JD 16m, although as this section has not yet been designed, the 1981 cost estimate may prove to be on the low side.

Highway

From Amman, a JD 9.5m two-lane road will run 87 km eastwards to Azraq, bringing tourist traffic to the desert castles as well as freight for Iraq. The final link to the Iraqi border will be made by upgrading the existing 180 km two-lane road. The entire project, funded by an Iraqi soft loan, will leave Jordan with an excellent highway, whatever the future of transit trade to Iraq.

A four-lane highway from Amman through Irbid to the Syrian border is also to be built over the next few years at a cost of around JD 20m, and will serve the Jordan-Syria free zone as well as improving communications with Damascus. Like much economic co-operation, this project is apparently unaffected by the two countries' somewhat strained relations.

Not in the current 1981-1985 plan but pencilled in for the future is a new highway from Ma'an into Saudi Arabia, connecting with the road to Damman. This could be an important pointer to future thinking: northwards from Ma'an a four-lane highway would, by then, stretch all the way to Syria, connecting with routes through Turkey into Europe. According to at least one Ministry of Transport source, long-haul overland traffic from Europe to Saudi Arabia and the Gulf could constitute Jordan's most important future source of transit revenue.

There has also been some renewal of interest in a Europe-Arabia rail link, a concept dating back more than half a century. The original narrow-gauge Hejaz railway linking Medina with Damascus was largely destroyed during the 1917-18 Arab campaign against the Turks, though some sections survive. To form part of any modern transcontinental system, the entire line would have to be replaced with standard-gauge track. Although a 1981 study reckoned this would be uneconomic, the proposal has been suspended rather than totally abandoned.

Work is almost complete on the JD 84m Queen Alia airport, which is expected to be operational early next year.

Consultancy and supervision is by the UK's Sir Frederick Snow International in partnership with Dar al-Handasah of Lebanon, and the main contractor is Laing of the UK in partnership with local firm General Enterprises Company Limited. The twin-terminal airport with two parallel 3,660-metre runways was designed to handle an annual 2.5m passengers and 66,000 tonnes of cargo — the projected figures for 1985.

Events have caught up with projections, however, and something near this volume of traffic is already passing through the overstretched facilities of Amman Airport. This is in part a result of the Gulf war, as several airlines have stopped flying to Baghdad, while Alia, the Royal Jordanian Airlines, continue with twice-daily flights connecting in Amman. There is talk that plans for major expansion of Queen Alia airport by the year 2000 may be put into effect straight away, but many observers feel this would be an over-hasty response to special circumstances.

Margi Bryant

WORLD STOCK MARKETS

Early Wall St technical rally

A TECHNICAL rally managed to be sustained on Wall Street yesterday morning in moderate activity, lifting the market from its lowest point for more than two years.

The Dow Jones Industrial Average, which closed on Wednesday at its lowest point for about 28 months, had recovered 4.94 to 782.15 by 1 pm. The NYSE All Common Index was ahead 26 cents at $59.21, while gains narrowly led declines by 590 to 527. Turnover came to 34.93m shares, similar to the previous day's 1 pm level of 34.35m.

Analysts, however, said that economic news continues to be negative, and a sustained stock market recovery would probably wait for some positive signs that the recession is easing.

John Smith, of Fahnestock and Co. said the market was higher because the "downside pressures had eased." But he added that upside potential is limited because of the state of the economy.

Smithkline, the second most active issue, shed $2 to $59¼. Exxon, the most active issue, eased ⅛ to $25⅛. A 200,000 share block was handled at $25⅛.

Tesco rose 1⅜ to $12⅜. The company said it could not explain the rise. Lockheed, which announced a shelf registration for 1.5m shares, declined 1⅜ to $51⅛.

General Instrument, which fell sharply in recent days, regained ⅛ to $30⅛ in active dealings.

THE AMERICAN SE Market Value Index edged up 0.25 to 238.79 at 1 pm. Volume 3.14m shares (2.67m).

Dunes Hotel advanced 2⅛ to $18⅛. The company said it was holding preliminary talks for its acquisition.

Canada

Markets in Canada also mounted a mild rally in light early trading. The Toronto Composite Index picked up 3.7 to 1,396.2 at noon, while Oil and Gas firmed 12.0 to 2,339.2 and Metals and Minerals 3.7 to 1,278.9. However, Real Estate and Construction, which was higher in early trading, lost 13.7 at 2,524.2 on balance.

Among the actives, Systemhouse "A" lost 25 cents to C$1.05 but Dome Petroleum gained 10 cents to C$3.95.

Hong Kong

Stock prices went into a fresh steep slide yesterday as panic selling by small investors caused the institutions, mainly Insurance companies and Pension Funds, to lighten their shareholdings to stem losses.

The Hang Seng Index dropped 100.31 to 966.36, closing below the 1,000 mark for the first time since June 1980. The index has now fallen 341 points in the past three weeks, and has almost halved in value since the all-time high of 1,810.20 was recorded on July 17 last year.

Analysts said investors are so unsettled by the weakness of the local currency, the uncertainty surrounding the colony's future after the lease from China on the new territories ends in 1997, and the persistent softness of the property market that the selling is likely to continue, at least in the short-term.

The index so far this week has lost 203 points, with a major factor being concern over the Hong Kong Government's sale of a prime building site in Central Hong Kong to the Bank of China for what was considered a very low price.

Some analysts believe the 950 chart-point for the Hang Seng Index could provide a brake, but few see this as much of a holding barrier.

Turnover on the four exchanges amounted to HK$333.79m, compared with the HK$194.86m registered in the short Wednesday session.

Tokyo

With the yen, after its recent weakness, looking a little firmer against the U.S. dollar yesterday, the Tokyo stock market showed signs of stabilising although share prices retained a slightly easier bias.

The Nikkei-Dow Jones Average, which had plummeted 328 points over the past seven business days to a two-year low, finished a modest 4.98 lower at 6,880.23. The Tokyo SE index shed a further 0.90 to 512.06, while volume remained thin, totalling 170m shares (190m) on the First Market.

The near-term future of the market hinges largely on how the Japanese currency will move, according to traders. The market was favourably viewing the Bank of Japan's attempt to prop up the yen by guiding short-term interest rates higher, they added.

Some traders, however, cautioned against undue optimism. They pointed out that the market was supported mainly by selective buying of speculative or incentive-backed shares, and that investors still remained very much on guard with Wall Street's drop to a 28-month low continuing to weigh heavily on sentiment.

Many Pharmaceutical issues were favoured, with Dainippon Pharmaceutical featuring by rising Y100, the maximum allowable gain in any single day of trading. The surge was attributed to news that Dainippon's anti-cancer drug may be one of the topics at a meeting of the Japan Cancer Society later this month.

The better tone for the yen aided Oil shares. Nippon Oil gaining Y6 to Y821.

Canon picked up Y3 to Y758 on news that demand for cameras in overseas markets has started to show signs of recovery and raised the possibility of an earnings improvement. Other Camera shares were mostly a shade harder.

Computer Makers and Communications closed lower on balance, however, after initial gains on bargain hunting. Hitachi lost Y4 to Y546, Mitsubishi Electric Y6 to Y214, Fujitsu Y12 to Y750 and Nippon Electric Y5 to Y731.

Housing shares posted losses on news of continuous stagnation in housing construction.

Germany

Under the negative influence of a strong U.S. dollar, Bourse prices were mixed to easier in lethargic trading.

The plight of AEG-Telefunken continued to put pressure on Banking shares and also remained a dampening influence on general sentiment.

The three major West German Banks recorded new 1982 lows, while Deutsche Bank, down DM 2.50 at DM 252, was also at its lowest point for two years. Commerzbank slipped DM 1.60 to DM 123.40 and Dresdner DM 1.10 to DM 123.40.

However, AEG continued to rally on speculative interest after having touched a record low of DM 22.70 at mid-session on Wednesday, rising yesterday by DM 2.90 to DM 27.20.

Johannesburg

The steadier performance by the Bullion price helped Gold shares to stage a good rally, but trading was thin with little scrip available.

Heavyweight gains ranged to 325 cents, as in Harties at R52.75, while among Lightweights, Loraine put on 20 cents to R3.35.

Australia

After the steadier showing of the past two days, stocks tended to revert to their recent easier course yesterday. However, trading remained slack as markets awaited next Tuesday's Federal Budget.

An outstanding weak spot in Industrials was ANI, which fell 33 cents to A$2.10 on news of its one-for-two rights offer at A$1.60 per share to raise A$60m.

Closing prices for North America were not available for this edition.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

GERMANY

SWEDEN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

Continued optimism about further base rate cuts lifts Government Securities index to 3-year high

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13
Sept 6	Sept 16	Sept 17	Sept 27

* "New time" dealings may take place from 9.30 am two business days earlier.

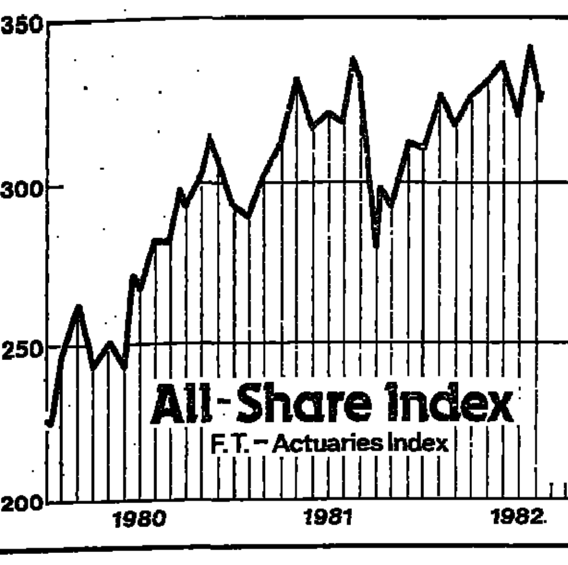
Continued optimism about the prospect of UK clearing banks reducing base lending rates by another ½, to 11 per cent, generated fresh impetus in the Gilt-edged sector of London stock markets yesterday. Equity markets attempted to follow the movement, but leading shares gradually surrendered marginal gains and eventually settled lower on balance with sentiment adversely affected by a minor shake-out in selected Electricals.

The demand for Gilts again emanated mostly from domestic sources and was largely professional, but the continued presence of overseas investment funds was a supporting influence. The authorities sold the remainder of the £300m tranche of Exchequer 12 per cent 1998, made available to the market just a few weeks ago, at 97½, but were not bid for supplies of the unofficial tap, Treasury 12 per cent 1987 "A," although the latter price edged nearer the expected selling level of 99⅞.

June's poor industrial production figures made no impression on sentiment, despite possible further calls for reflation, and longer-dated stocks settled at the day's highest with gains ranging to ⅞, the bigger rises mainly among low-coupon issues. The shorts backed away from the best to close around ⅜ up, and the FT Government Securities index rose 0.57 to 73.55 — its highest for nearly three years.

Evidence that the economic recovery was not yet in sight hastened the later downturn in equities. The bulk of the day's trade occurred in the first hour of business and, with little sign of "new-time" inquiries for the Account beginning on Monday, interest was confined to situation issues and sectors, or companies, currently in the news. Composite Insurances, apart from General Accident, steadied after recent disclosures of heavy underwriting losses. Exceptionally, Eagle Star responded to continued bid speculation.

The general equity downdrift continued in the late trade despite the slight pick-up in New York early yesterday, and the FT Industrial Ordinary share index closed 2.5 down at the session's lowest of 544.9 after having posted a rise of 1.3 at the day's first calculation.



Eagle Star better

Continuing to reflect hopes of a bid from Allianz, the German concern which already owns a near-30 per cent stake in the company, Eagle Star rose 6 more to 336p. Elsewhere in Composite Insurances, General Accident lost 6 for a two-day fall of 22 to a 1982 low of 276p following comment on the poor interim results. Sun Alliance, first-half figures due soon, gave up 7 to 765p. Willis Faber, 8 better at 500p, provided an isolated firm spot in Lloyds Brokers.

Little of interest took place in a lacklustre banking sector. Far-Eastern advices brought about a fresh fall in Hongkong and Shanghai ahead of the half-year figures due on August 24, but the shares rallied to close only 2 off at 87p, after 83p.

Buildings passed an uninspiring trading session, but quotations usually closed better where altered. In Timbers, Meyer International, 70p, and Travis and Arnold, 187p, both improved 4. Elsewhere, HAT Group hardened a penny to 86p on the encouraging statement on prospects.

ICI drifted off to close 4 cheaper at 276p, but renewed buying left Rentokil that amount higher at 184p.

Stores quietly firm

Leading Stores finished a shade firmer for choice, although the sector continued to lack impetus. Secondary issues showed scant alteration from overnight levels with the notable exception of Bakers Household, which advanced 5 to 111p following a favourable mention.

In Shoes, reflection of the £13.6m acquisition of Hofheimer lifted Ward White 2 to 60p.

Electricals leaders turned easier, particularly in the afternoon dealings. Plessey closed 8 lower at 507p, while Thorn EMI shed a few pence to 405p as did BICC, to 290p. GEC softened ¼ at £10¼. Elsewhere, Quest Automation fell 3 further for a loss on the week so far of 7 to a 1982 low of 20p on nervous selling in an unwilling market ahead of the results scheduled for later this month. Bowthorpe, on the other hand, rose 10 to 263p in response to revived speculative support, while Kode International and Memec both closed similarly better at 285p and 305p respectively. A dull market of late on the disappointing interim statement, Standard Telephones and Cables rallied 5 to 557p.

Leading Engineers trended higher, but TI, at 100p, gave up the previous day's rise of 6 following comment on the interim figures. Hawker, in contrast, firmed 6 to 332p, while GKN closed 3 dearer at 139p. Further consideration of the half-year statement prompted a rally of 2½ to 91½p in Glynwed, but poor interim figures left Ratcliffs (Great Bridge) 5 lower at 58p. ML Holdings remained on offer after the recent preliminary results and gave up a similar amount to 265p. Other dull spots included Hall Engineering, which eased 4 to 132p, and Aurora, 2 down at 10p. Occasional support left Westland with a rise of 3 at 128p and Fife Indmar 4 to the good at 120p.

Johnson Cleaners down

Johnson Group Cleaners took a distinct turn for the worse in miscellaneous industrials, falling from an initial firm level of 256p to 218p before closing a net 32 down at 222p on the announcement that the controversial bid from Sunlight Services has been referred to the Monopolies Commission. Third-quarter profits from BOC failed to match expectations and the shares fell 4 to 163p. Sporadic offerings and lack of support saw Bowater slip 3 to a 1982 low of 189p. In the wake of another dramatic decline in the Hang-Seng index, it has fallen 20 per cent so far this week, Hong Kong issues were flat. Hutchison Whampoa dipped 11 more to 115p, China Light relinquished 8 to 111p as did Jardine Matheson, to 137p, while Swire Pacific A lost 7 to 83p.

Still buoyed by reports of a broker upgrading a profits forecast ahead of next month's interim results, Fisons put on 5 for a two-day rise of 22 380p. Abbey rose 5 to 37p in response to the satisfactory results and Pauls and Whites firmed 6 to 253p on vague takeover suggestions. Investment support ahead of next month's preliminary figures left BET 5 up at 170p, after 172p, while improvements of 7 and 15 respectively were seen in Ricardo, 532p, and Whatman Reeve Angel, 350p.

Black and Edginton continued to respond to persistent interest and touched 44p before settling for a two-day gain of 6 at 42p. Horizon remained a relatively firm market and added 3 more to 185p. Following the chairman's comments at the annual meeting, Intasun hardened a penny to 107p.

Motor Distributors took on a firmer appearance, with particular attention being paid to BL dealers. Lex Service featured with a gain of 5 at 135p, while Henlys, 88p, and Kenning, 75p, both added a couple of pence. Manor National, interim results due today, hardened a fraction to 9p.

Revived institutional support helped Associated to stand out in otherwise idle Newspapers with a gain of 10 at 195p. In contrast, second thoughts about the full-year figures clipped a few pence from Benn Brothers, 107p. Elsewhere, Saatchi and Saatchi were briskly traded and closed 20 better at 435p on talk that the company may land the lucrative British Airways advertising account. Ault and Wiborg, interim results due today, firmed a penny to 34p.

Property leaders edged forward on hopes of further base rate cuts, but Far-eastern advices left Hong Kong Land and Swire Properties around 4 easier at the common level of 57p.

Lasmo up again

Interest in the Oil sector again centred chiefly on Lasmo, which advanced 15 more to 310p in response to the Dome Petroleum deal; British Petroleum, however, failed to benefit further and closed a couple of pence lower at 260p. *Tricentrol encountered* scattered buying and improved 4 to 184p, while Ultramar, up 5 at 380p, reflected satisfactory half-year results. Floyd continued to respond to news of the new drilling licences and put on 5 further to 80p.

Among Overseas Traders, Lonrho returned to the fore and, in an active business, rose 4 to 89p.

Among Financials, Smith Bros. reacted to 35p following the preliminary results before recovering to close unaltered on the day at 38p. Elsewhere, Jardine Securities weakened 16 more to 101p on overseas advices.

Apart from Common Bros. which gave up 10 to 155p, Shippings took on a steadier appearance.

Interest in Textiles mainly centred on secondary counters. Corah firmed 2½ to 50½p; the first-half results are scheduled for next Thursday.

Golds in demand

Golds opened steady in line with the bullion price and gained a little ground following South African demand and the better gold price. They closed showing rises of around ¼. Bullion was finally $3 up at $335.50, and the Gold Mines index put on a further 5.8 to 256.9.

Randfontein Estates were outstanding among the heavyweights, with a rise of 1⅛ to £28⅛. Gains of between ½ and ¾ were common to Buffels at £14⅞, Hartebeest at £23, Free State Geduld at £13¼ and St Helena at £13⅛.

Among the medium and lower-priced issues, Venterspost at 412p and Harmony at 530p both closed 29 to the good, while advances of 10 and more were common to Blyvoor at 486p, Elandsrand at 224p, Libanon at 898p, Zandpan at 412p and Simmer and Jack at 157p, the last-named at a new high for the year.

Gold-based Financials ended mostly better, where changed, as in Amgold, ½ to the good at £32⅞, and Gold Fields of South Africa, ½ harder at £33. Middle Wits put on 10 to 460p, and Rand Mines Properties 20 to 290p.

South African Coals were mostly quiet, but *Transvaal Consolidated Land managed a gain* of ½ to £20.

London Financials moved ahead in defiance of the general trend in UK equities, with Charter at 180p, Gold Fields at 397p and Rio Tinto-Zinc at 407p were all 5 to the good by the close.

Hampton Areas ran out of steam as the recent takeover rumours faded, and closed unchanged on the day at 180p.

Australians opened lower in line with overnight domestic markets, but recouped some of the early losses to close broadly unchanged. Peko-Wallsend at 252p and North Broken Hill at 109p were exceptions, closing with falls of 4 each.

Business in Traded Options succumbed to the usual post-expiry day malaise and only 996 contracts were done—814 calls and 182 puts. Much of the day's activity centred on two stocks which showed some spectacular rises and attracted good volume reflecting the strength of the respective underlying share price. Lonrho recorded 363 calls with 124 struck in the November 80's, which rose 3 to 11p, and 60 puts. Lasmo, still benefitting from the deal with Dome Petroleum, again provided the main focus of attention and the November 300 calls advanced 12 to 37p, while the November 330 calls jumped 9, or 69 per cent, to 22p.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6
Sept 13	Sept 24	Dec 9	Dec 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Turner and Newall, Bio-Isolates, Hawley, TI, Babcock International, Premier Oil, Clive Discount, Smith St. Aubyn, Huntley and Palmer, London Brick, Tate and Lyle and John Brown. For the fourth time this week, no puts were reported, although doubles were struck in Johnson Group Cleaners, ICI and Westminster Properties.

FINANCIAL TIMES STOCK INDICES

	Aug. 12	Aug. 11	Aug. 10	Aug. 9	Aug. 6	Aug. 5	A year ago
Government Secs.	73.55	72.98	72.76	72.39	72.66	73.03	64.92
Fixed Interest	73.64	73.23	73.10	72.94	73.28	73.42	66.04
Industrial Ord.	544.9	547.4	541.1	540.4	548.8	559.7	561.4
Gold Mines	256.9	251.1	247.7	247.8	254.7	256.7	361.1
Ord. Div. Yield	5.43	5.39	5.46	5.46	5.38	5.26	5.36
Earnings, Yld.% (full)	12.06	11.55	11.69	11.70	11.51	11.28	9.53
P/E Ratio (net) (*)	9.95	10.47	10.34	10.34	10.51	10.69	13.99
Total bargains	14,363	14,294	16,345	16,028	15,135	15,500	20,091
Equity turnover £m.	—	100.93	100.23	110.81	106.54	120.12	138.69
Equity bargains	—	9,108	10,698	11,057	10,298	11,010	15,650

10 am 548.7. 11 am 547.9. Noon 546.9. 1 pm 546.1. 2 pm 546.1. 3 pm 545.5.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. *Gold Mines 12/9/55. SE Activity 1974.*

Latest Index 01-246 8026.

* Nil=9.27.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	73.55 (12/8)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.64 (12/8)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (28/10/71)

S.E. ACTIVITY

	Aug. 11	Aug. 10
Daily Gilt Edged Bargains	229.8	237.6
Equities Bargains	59.0	69.3
Equities Value	204.0	202.6
5-day Avrge. Gilt-Edged Bargains	275.6	230.6
Equities Bargains	82.5	70.7
Equities Value	264.9	224.1

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or –	Div. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	45	37	Anglo-Nordic 5p	37	......	b0.89	2.0	3.4	20.5
¶¶	F.P.	—	82½	75	Antofagasta Hldgs(£1)	78	—2	7.0	3.6	12.8	2.4
¶¶	—	30/7	20	11	Argyll Foods Warr'ts.	17	......	—	—	—	—
§45	F.P.	—	46	34	Atlantis Res. Int.	35	......	—	—	—	—
—	F.P.	—	24	24	Beradin Holdings 5p	24	......	0.65	1.3	3.9	25.5
33	F.P.	7/9	66	44	✣Bio-Isolates 10p	60	......	—	—	—	—
§35	F.P.	—	43	38	✣Coleman Milne 10p	43	......	u1.5	5.2	5.0	6.9
§58	F.P.	30/7	59	52	✣Dencora	54	......	—	—	—	—
—	F.P.	29/11	106	96	✣Ecobric New Ord£1	96	—2	bd10.5	1.8	15.6	4.3
—	F.P.	—	63	57	✣ Do. Defd	57	—2	—	—	—	—
§110	F.P.	17/9	182	160	✣Int'europeTech.20p	162	......	u4.0	1.8	3.5	22.7
§60	F.P.	6/8	60	49	✣Knight Cmptr Int5p	49	......	bd1.6	2.0	4.7	15.6
§137	F.P.	30/7	195	150	✣McCarthy & Stone	165	......	b5.75	2.7	4.4	11.1
¶120	F.P.	27/8	171	153	Multitone Elect	163	......	u2.52	3.4	2.2	14.5
§150	F.P.	13/8	156	150	✣Oilfield Insp. Srvc	153	......	u2.1	3.7	2.0	17.4
¶¶	F.P.	—	178	170	Pactrol Electronics	175xr	......	F3.5	—	2.9	—
—	F.P.	—	26	20	RIT & NorthernWar'ts	21	......	—	—	—	—
¶¶	F.P.	—	38½	31	Rowe Evans Inv. 10p	31	—1	—	—	—	16.3
‖	F.P.	—	13	12	✣Sheraton Secs 10p	12	......	—	—	—	—
¶¶	F.P.	—	44	37	Walker (Alfred) 10p	38	......	b0.75	5.5	2.8	7.1
—	F.P.	—	36	28	✣Yelverton Invs. 5p	28	—1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or –
¶¶	F.P.	—	60p	52p	Antofagasta 3.5% Pref.(£1)	55p	......
99.528	£20	—	22¾	21¼	*Australia 13½% Ln. 2010*	22½	+⅛
‖100	F.P.	29/7	100½	95	Cronite 14% Cnv. Uns. Ln.'92	97	......
100	F.P.	—	101½	100⅛	Nationwide Bdg. Soc. 14% (4/7/83)	101½	+⅛
100	F.P.	—	101⅛	100⅛	Do. 13⅛% (25/7/83)	101⅛	+⅛
100	F.P.	—	100¼	99½	Do. 11⅞% (15/8/83)	100¼	+⅛
99.345	£25	—	29¾	24⅛	New Zealand 14¼% 1987	29¾	+¼
100	£25	9/9	25½	25	Portsmouth Water 14% Red. Deb. '92	25½	+¼
¶IR£1	F.P.	5/9	82	82	Smurfit (Jefferson) Pref. Units 2p	82	......
¶100	£10	17/11	14½	15½	West Kent Water 8¾% Red. Pref. 87-89	14½	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or –
180	Nil	—		50pm	44pm	Automated Security 10p	50pm	......
100	Nil	—	—	40pm	27pm	✣Berkeley Exploration £1	27pm	—3
103	F.P.	6/8	17/9	122	117	Blundell-Permoglaze	118	+1
78	F.P.	2/8	17/9	84	80	Goal Pet. 5p	82	—2
25	F.P.	26/7	3/9	25½	22	Jenks & Cattell	22	......
65	F.P.	30/7	20/8	81	73	Minster Assets	75	......
78	Nil	—	—	100pm	92pm	Pactrol Electronics	98pm	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ★★ Unit comprising five ordinary and three Cap. shares. ¶ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anglo-American Gold	£32⅞	+ ½	Lonrho	89	+ 4
BET Deferred	170	+ 5	Pearl Assurance	384	— 4
Eagle Star	336	+ 6	Prudential	250	— 3
Jardine Matheson	137	— 8	Saatchi & Saatchi	435	+20
Johnson Cleaners	222	—32	Ultramar	380	+ 5
LASMO	310	+15	Wheelock Marden	44	— 1½

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change	Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change
Glynwed	15	89	— 3	Glaxo	11	725	+10
LASMO	15	295	+20	BTR	10	318	+ 4
Gen Accident	14	282	—16	Eagle Star	10	330	+ 2
Fisons	13	375	+17	Bass	9	237	+ 5
Royal Ins	12	340	—15	Blue Circle	9	435	+ 5
Sun Alliance	12	772	— 8	Cable & Wire	9	265	+ 5
BAT Inds	11	465	+ 9	Grand Met	9	244	+ 5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (74)

BRITISH FUNDS (45)

CORPORATION LOANS (2)
Lon. Corp. 13¼pc '83
Lon. Corp. 6¾pc '88-90

BANKS (1)
Schroders

BUILDINGS (5)
Beechwood; Meyer Intnl.; Johnstone's Paints; Raine Industs.; Trent Holdings

CHEMICALS (1)
Rentokil

ELECTRICALS (2)
Eurotherm; Midos 33

ENGINEERING (1)
Farmer (S. W.)

INDUSTRIALS (11)
AIM; Ricardo; Dunhill; Russell (A.); Hayters; Sheldon Jones; Kennedy Smale; Standard Fireworks; Pauls & Whites; Sutcliffe Speakman; Whatman Reeve Angel

INSURANCE (1)
Willis Faber

LEISURE (1)
Radio City A n.v.

MOTORS (1)
Kenning Motor

PAPER (1)
Usher-Walker

SOUTH AFRICANS (1)
Gold Fields Prop.

MINES (1)
Simmer and Jack

NEW LOWS (81)

AMERICANS (4)
Colgate-Palmolive; Louisiana Land; Crown Zellerbach; Sun Co. Inc.

CANADIANS (1)
Inco

BANKS (3)
Commerzbank; Deutsche Bank; Hongkong & Shanghai

BUILDINGS (4)
Dew (G.); Phoenix Timber; Ibstock Johnsen; Warrington

STORES (2)
Helene of London; Peters Stores

ELECTRICALS (5)
BSR; Quest Auto.; Norsk Data; Sony; Toshiba Corp.

ENGINEERING (12)
Aurora; Pratt (F.); Brockhouse; Ratcliffs (G. B.); Hall Engng.; Renold; Howard Machinery; Spear & Jackson; Jones & Shipman; Wadkin; Midland Inds.; Wellman

FOODS (1)
R.H.M.

INDUSTRIALS (14)
BBA; Hutchison Whampoa; B.H. Prop.; Low and Bonar; Bowater; Solicitors Law; Canning (W.); Spring Grove; Cosalt; Swire Pacific; Elson & Robbins; TSL Thermal Synd.; Gomme; Wheelock Marden

INSURANCES (2)
Hambro Life; General Accident

LEISURE (1)
Trident TV A

MOTORS (1)
Armstrong Equipment

PROPERTY (2)
Daon Dev. Corp.; Hongkong Land

SHIPPING (1)
Common Brothers

SHOES (1)
Garnar Booth

TEXTILES (2)
Carpets Intnl.; Lowe (R. H.)

TRUSTS (14)
Cambrian & Gen.; Robeco Sub. Shs.; Drayton Far Eastern; Stewart Ent.; G.T. Japan; Viking Res.; Jardine Secs.; Haw Paar; New Darien Oil; Int. Inv. Jersey; New Throg. New Wts.; Mexico Fund; Robeco (Br.); Yule Catto

OIL AND GAS (4)
Amer. Oil Fields; Weeks (Bermuda); S. & K. Petrlm.; Do. Pref. (Aust.)

OVERSEAS TRADERS (2)
Jacks (Wm.); Boustead

PLANTATIONS (3)
Barlow Holdings; Malakoff; Consold. Plantations; Malay. Plantations

MINES (1)
Malaysia Mining

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	88	—	6
Corpns. Dom. and Foreign Bonds	18	2	54
Industrials	198	205	928
Financial and Prop.	46	91	375
Oils	20	19	68
Plantations	—	5	17
Mines	45	13	89
Others	44	46	56
Totals	457	381	1,603

CURRENCIES and MONEY

Dollar eases

The dollar was easier in currency markets yesterday in generally dull and featureless trading. However downward pressure increased late in the day after the U.S. Federal Reserve acted to add liquidity to the U.S. money market.

Sterling was slightly firmer overall, improving a little against the dollar and Swiss franc but losing out to the D-mark and French franc.

DOLLAR — Trade weighted index (Bank of England) 122.7 against 122.6 on Wednesday and 112.7 six months ago. Three-month Treasury bills 9.69 per cent (14.08 per cent six months ago). Annual inflation rate 7.1 per cent (6.7 per cent previous month)—The dollar closed at DM 2.5175 against the D-mark down from DM 2.5275 but was unchanged against the Swiss franc at SwFr 2.1575. It eased slightly in terms of the Japanese yen to Y263.25 from Y263.5 and FFr 7.0050 from FFr 7.0225.

STERLING — Trade-weighted index 90.0 against 90.8 at noon, 90.9 at the opening and 90.8 on Wednesday (91.6 six months ago). Three-month interbank 11⅞ per cent (14¼ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month)—Sterling opened at $1.6985-1.6995 against the dollar and dipped to a low of $1.6950 some time after lunch *before bouncing back in late* trading to a high of $1.7025. It closed at $1.6985-1.6995, a rise of 30 points. Against the D-mark it eased to DM 4.25 from DM 4.29 but rose against the Swiss franc to SwFr 3.67 from SwFr 3.66. It slipped a little in terms of the French franc, however, closing at FFr 11.90 compared with FFr 11.9050.

D-MARK — EMS member (weakest). Trade-weighted index 124.4 against 124.7 on Wednesday and 120.9 six months ago. Three-month interbank 9.325 per cent (10.225 per cent six months ago). Annual inflation 5.6 per cent (5.8 per cent previous month)—The D-mark showed mixed changes at yesterday's fixing in Frankfurt. The dollar, sterling, the Dutch guilder and Swiss franc all lost ground while the Belgian and French francs improved along with the Danish krone and lira. The dollar was fixed at DM 2.5184 down from DM 2.5252 and the Bundesbank sold $25.75m at the fixing. Sterling slipped to DM 4.2740 from DM 4.2800 and the Swiss from to DM 1.1689 from DM 1.1713. The decision to leave the Lombard rate unchanged at 9 per cent was also seen as a factor pushing the dollar lower.

FRENCH FRANC—EMS member (third strongest). Trade weighted index unchanged at 73.5 from Wednesday and 79.7 six months ago. Three-month interbank 14¼ per cent (14⅞ per cent six months ago). Annual inflation 13.5 per cent (13.8 per cent previous month) — The French franc improved against the dollar in Paris yesterday after the record levels touched by the dollar on Wednesday. The U.S. unit was fixed at FFr 7.0100 down from FFr 7.0240, while sterling slipped to FFr 11.8940 from FFr 11.9110. The D-mark was higher at FFr 2.7824 from FFr 2.7823, but the Belgian franc slipped to FFr 14.5770 per BFr 100 compared with FFr 14.5780.

ITALIAN LIRA—EMS member (strongest). Trade weighted index 53.8 against 53.7 on Wednesday and 55.1 six months ago. Three-month interbank 19⅞ per cent (21⅞ per cent six months ago). Annual inflation 15.9 per cent (15.2 per cent previous month)—The Italian lira rose against the dollar and sterling at yesterday's fixing in Milan and was also stronger against its EMS partners. The dollar fell to L1,405.05 from L1,408.05 and sterling was lower at L2,383.40 compared with L2,387.5. The D-mark was fixed at L557.77 down from L557.81 and the Dutch guilder slipped to L506.40 from L506.73.

THE POUND SPOT AND FORWARD

Aug 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6950-1.7025	1.6985-1.6995	0.02-0.12c dis	−0.49	0.50-0.60dis	−1.29
Canada	2.1320-2.1440	2.1400-2.1410	0.80-0.90c dis	−4.76	2.35-2.45dis	−4.48
Nethlnd.	4.70-4.73	4.71½-4.72½	1¼-¼c pm	2.22	2⅞-2⅝ pm	2.22
Belgium	81.50-82.00	81.80-81.90	13-23c dis	−2.64	47-57 dis	−2.54
Denmark	14.84-14.90	14.87½-14.88½	2½-3ore dis	−2.07	8½-10 dis	−2.49
Ireland	1.2410-1.2470	1.2415-1.2430	0.67-0.71p dis	−6.18	1.77-2.01dis	−6.08
W. Ger.	4.26½-4.29½	4.27½-4.28½	1-½pf pm	2.10	2⅞-2⅝ pm	2.45
Portugal	146.50-147.50	146.75-147.25	100-275c dis	−15.31	240-750dis	−13.47
Spain	192.75-193.75	193.25-193.45	80-105c dis	−5.74	325-370 dis	−7.19
Italy	2,382-2,393	2,390-2,392	15½-17½lire dis	−8.28	63½-56½ dis	−9.20
Norway	11.47-11.52	11.50½-11.51½	4-5½ore dis	−4.76	11¼-12½ dis	−4.13
France	11.87-11.92	11.89½-11.90½	2¾-3¼c dis	−3.28	15-16 dis	−5.21
Sweden	10.52-10.58	10.57-10.58	3½-4½ore dis	−4.25	8½-9¼ dis	−3.36
Japan	445-450	447½-448½	1.65-1.45y pm	4.15	4.55-4.35 pm	3.97
Austria	30.00-30.15	30.05-30.10	9-6gro pm	2.99	23½-17 pm	2.69
Switz.	3.64½-3.68	3.66½-3.67½	2½-2¼c pm	7.76	6¼-6¼ pm	7.08

Belgian rate is for convertible francs. Financial franc 86.20-86.30.
Six-month forward dollar 1.82-1.92c dis. 12-month 3.85-4.00c dis.

THE DOLLAR SPOT AND FORWARD

Aug 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6950-1.7025	1.6985-1.6995	0.02-0.12c dis	−0.49	0.50-0.60dis	−1.29
Ireland†	1.3645-1.3680	1.3655-1.3675	0.70-0.60c pm	5.71	1.70-1.50 pm	4.68
Canada	1.2565-1.2610	1.2590-1.2600	0.46-0.49c dis	−4.52	0.95-1.01dis	−3.16
Nethlnd.	2.7710-2.7770	2.7730-2.7770	0.63-0.53c pm	2.51	2.41-2.31 pm	3.40
Belgium	48.05-48.12	48.10-48.12	7-9c dis	−1.99	13-16 dis	−1.20
Denmark	8.7420-8.7550	8.7420-8.7450	0.95-1.20ore dis	−1.47	2.35-2.85dis	−1.19
W. Ger.	2.5140-2.5230	2.5170-2.5180	0.65-0.60pf pm	2.98	2.45-2.40 pm	3.85
Portugal	86.35-86.90	86.35-86.65	60-160c dis	−15.26	120-410dis	−12.25
Spain	113.50-113.85	113.50-113.60	50-60c dis	−5.80	85-105 dis	−3.34
Italy	1,404-1,406¼	1,404-1,405	9¼-10lire dis	−8.22	27-29 dis	−7.97
Norway	6.7625-6.7700	6.7635-6.7655	2.20-2.60ore dis	−4.26	4.50-4.90dis	−2.78
France	7.0000-7.0200	7.0025-7.0075	1.55-1.75c dis	−2.83	6.60-7.00dis	−3.88
Sweden	6.2025-6.2120	6.2055-6.2075	1.85-2.05ore dis	−3.77	3.00-3.20dis	−2.00
Japan	262.75-263.50	263.20-263.30	1.03-0.95y pm	4.51	3.48-3.38 pm	5.21
Austria	17.67¾-17.72	17.71-17.72	5¼-4½gro pm	3.48	19½-16½ pm	4.07
Switz.	2.1480-2.1610	2.1570-2.1580	1.55-1.47c pm	8.40	4.55-4.47 pm	8.36

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 12	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.9	−32.3
U.S. dollar	122.7	+13.4
Canadian dollar	88.2	−19.4
Austrian schilling	116.9	+26.7
Belgian franc	94.6	−1.7
Danish kroner	81.6	−14.7
Deutsche mark	124.4	+49.2
Swiss franc	143.9	+94.0
Guilder	115.7	+23.5
French franc	73.5	−20.4
Lira	53.8	−58.3
Yen	129.9	+23.7

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average)

CURRENCY RATES

August 12	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.635164	0.552614
U.S. $	11	1.07800	0.938062
Canadian $	15.20	*	1.18008
Austria Sch.	6¾	19.1032	16.6131
Belgian F	13½	51.8599	45.1114
Danish Kr.	11	9.43466	8.20664
D mark	7½	2.71484	2.36204
Guilder	8	2.99199	2.60172
French F	9½	7.55678	6.57347
Lira	19	1514.59	1317.98
Yen	5½	283.837	246.710
Norwgn. Kr.	9	7.29806	6.34505
Spanish Pts.	8	122.570	106.676
Swedish Kr.	10	6.68899	5.82161
Swiss Fr.	5½	2.32277	2.02265
Greek Dr'ch	20½	76.6165	66.7713

* CS/SDR rate for August 11: 1.35002.

OTHER CURRENCIES

Aug 12	£	$		£ Note Rates
Argentina Peso	38,861†	22,750†	Austria	29.90-30.20
Australia Dollar	1.7420-1.7044	1.0255-1.0260	Belgium	85.60-86.60
Brazil Cruzeiro	314.79-315.79	185.33-186.26	Denmark	14.78-14.92
Finland Markka	8.1365-8.1515	4.8010-4.8030	France	11.84-11.94
Greek Drachma	118.689-122.822	70.90-71.10	Germany	4.25½-4.29½
Hong Kong Dollar	10.40¼-10.41¾	6.1360-6.1430	Italy	2365-2395
Iran Rial	144.95*	85.05*	Japan	447-452
Kuwait Dinar (KD)	0.4928-0.4935	0.29025-0.29045	Netherlands	4.68¾-4.72½
Luxembourg Fr.	81.80-81.90	48.10-48.12	Norway	11.42-11.52
Malaysia Dollar	4.01-4.02	2.3650-2.3680	Portugal	144-159
New Zealand Dlr.	2.3375-2.3425	1.3765-1.3785	Spain	186½-195½
Saudi Arab. Riyal	5.8410-5.8465	3.4400-3.4410	Sweden	10.49-10.59
Singapore Dollar	3.6820-3.6890	2.1750-2.1760	Switzerland	3.64¼-3.68¼
Sth. African Rand	1.9725-1.9750	1.1610-1.1625	United States	1.62-1.71
U.A.E. Dirham	6.2330-6.2420	3.6710-3.6740	Yugoslavia	96-103

† Rate shown for Argentine is commercial. Financial rate 66.140-66.130 against sterling 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1114	+0.31	+0.13	±1.5501
Danish Krone	8.23400	8.20664	−0.33	−0.51	±1.6430
German D-Mark	2.33379	2.36204	+1.21	+1.03	±1.0888
French Franc	6.61387	6.57347	−0.61	−0.79	±1.3940
Dutch Guilder	2.57971	2.60172	+0.85	+0.67	±1.5004
Irish Punt	0.691011	0.686621	−0.64	−0.82	±1.6691
Italian Lira	1350.27	1317.96	−2.39	−2.33	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

EXCHANGE CROSS RATES

Aug. 12	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.699	4.280	448.0	11.90	3.670	4.720	2391.	2.141	81.85
U.S. Dollar	0.589	1.	2.519	263.7	7.004	3.160	2.778	1407.	1.260	48.18
Deutschemark	0.234	0.397	1.	104.7	2.780	0.857	1.103	558.6	0.500	19.12
Japanese Yen 1,000	2.232	3.792	9.554	1000.	26.56	8.192	10.54	5337.	4.778	182.7
French Franc 10	0.840	1.428	3.597	376.5	10.	3.084	3.966	2009.	1.799	68.78
Swiss Franc	0.272	0.463	1.166	122.1	3.243	1.	1.286	651.5	0.583	22.30
Dutch Guilder	0.212	0.360	0.907	94.92	2.521	0.778	1.	506.6	0.453	17.34
Italian Lira 1,000	0.418	0.711	1.790	187.4	4.977	1.535	1.974	1000.	0.895	34.33
Canadian Dollar	0.467	0.794	2.000	209.3	5.559	1.715	2.205	1117.	1.	38.24
Belgian Franc 100	1.222	2.076	5.229	547.3	14.54	4.484	5.767	2921.	2.615	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 12)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 5/8	offer 12 3/4	bid 13 9/16	offer 13 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11⅝-11¾	10⅞-11⅛	15-16	8¾-8⅞	1½-2	8⅞-9	14½-14½	17½-19½	12½-13½	15-15½	6⅞-7⅛	12⅜-13
7 day's notice	11⅝-11¾	11⅛-11⅜	15½-16½	8¾-8⅞	1¾-2¼	8⅞-9	14⅛-14½	18⅞-20⅜	12¼-13¾	15⅜-15⅞	7⅛-7¼	13½-15⅞
Month	11⅝-11¾	11⅛-11¼	15⅛-15¼	9⅛-9¼	3⅛-3¼	8⅞-9	14¼-14⅝	19⅛-19⅞	13-14	13⅞-14⅛	7⅛-7¼	14½-14½
Three months	11⅝-11½	12½-12¾	15⅛-15¼	9⅛-9¼	4⅜-4½	8⅞-9⅛	16¼-16⅝	20½-20¾	15½-14½	14-14½	7⅛-7¼	14½-14¾
Six months	11⅝-11½	13½-13¾	16-16¼	9⅛-9¼	5⅛-5¼	9-9⅛	18⅛-18½	20⅞-21⅜	14-15	14⅛-14⅜	7½-7⅝	15⅛-16⅛
One Year	11⅝-11¾	13⅜-13½	16-16¼	9⅜-9½	5⅛-5¼	9-9⅛	19-19½	20½-21⅛	14-15	14⅛-14⅜	7⅛-7¼	16½-16⅞

SDR linked deposits - one month 10 11/16-11 1/16 per cent; three months 11 7/16-11 11/16 per cent; six months 12 5/16-12 7/16 per cent; one year 12 5/16-12 11/16 per cent.

ECU linked deposits, one month 11½-11⅞ per cent; three months 12-12⅜ per cent; six months 12 7/16-12 11/16 per cent; one year 12 11/16-13 1/16 per cent.

Asian $ (close rates in Singapore): one month 11 9/16-11 11/16 per cent; three months 12⅜-12½ per cent; six months 13½-13⅝ per cent; one year 13¾-13⅞ per cent. Long-term Eurodollar: two years 15-15¼ per cent; three years 15⅛-15⅜ per cent, four years 15¼-15½ per cent; five years 15¼-15½ per cent, nominal closing rates. Short-term rates are call for U.S. dollars Canadian dollars and Japanese yen others two days' notice.

The following rates were quoted for London dollar certificates of deposit. one month 11.40-11.50 per cent; three months 12.15-12.25 per cent; six months 12.80-12.90 per cent; one year 13.20-13.40.

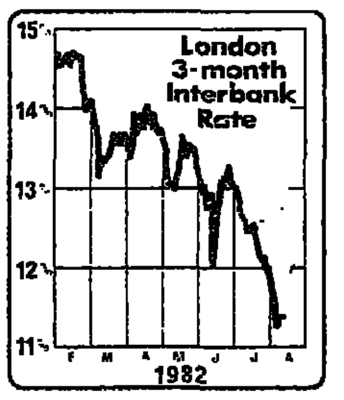
MONEY MARKETS

London rates little changed

UK clearing bank base lending rate 11½ per cent (since July 30 or August 2 and 3)

UK interest rates were hardly changed yesterday in rather dull trading. U.S. interest rates also *showed little movement while the* Bank of England left its dealing rates unchanged. In the inter-bank market overnight money opened at 11¼-11⅜ per cent and touched a low of 11½ per cent before firming in the afternoon to 12½ per cent.

The Bank forecast a shortage of around £350m with factors affecting the market including bills maturing in official hands and a net take-up of Treasury bills £255m and the unwinding of previous sale and repurchase agreements £147m. These were partly offset by Exchequer transactions which added £140m to the system. The Bank gave assistance in the morning of £202m, making purchases of eligible bank bills, £135m in band 2 (15-33 days) at 11¼ per cent, £7m in band 3 (34-63 days) at 11⅛ per cent and £60m in band 4 (64-84 days) at 11 per cent.



Further help was given in the afternoon of £118m, making a grand total of £320m. The afternoon help comprised purchases of £27m of eligible bank bills in band 2 at 11¼ per cent and £2m of local authority bills and £61m of eligible bank bills both in band 3 at 11⅛ per cent. In band 4 it bought £28m of eligible bank bills at 11 per cent.

In Frankfurt there were no changes to credit policies or key lending rates after yesterday's meeting of the Bundesbank central council. This was in line with market expectations although earlier in the month a fall in U.S. interest rates had prompted speculation that the authorities may cut the Lombard rate currently standing at 9 per cent. However, a recent turnround in U.S. rates and continued dollar strength has effectively postponed any change. Call money yesterday was quoted at 8.95 per cent down from 9 per cent on Wednesday.

In Brussels the Belgian National Bank reduced the rates on short-term Treasury bills. The rate on one-, two- and three-month certificates were all cut to 14 per cent from 14.25 per cent and now stand at the lowest level for nearly fourth months.

EUROCURRENCIES

Eurodollars quiet

There was a pause for breath in Eurocurrency markets yesterday after the recent sharp movements. Euro-dollar rates showed little overall change in rather cautious trading. The lower trend in rates over the past few weeks followed by an upward revision has left the market hoping for some lead from the U.S. authorities. While the long-term trend may be for lower rates there is apprehension over the Treasury's very large funding requirements and the authorities' attitude on money supply.

Euro-sterling rates were also very steady and the dollar's discount against sterling in forward trading showed only a marginal change. Elsewhere Euro-D-marks were a little firmer with the Bundesbank leaving its Lombard rate unchanged at 9 per cent. Rates elsewhere were basically unchanged overall from Wednesday.

MONEY RATES

NEW YORK

Prime rate	15
Fed funds (lunch-time)	10⅞-11⅛
Treasury bills (13-week)	9.69
Treasury bills (26-week)	10.78

GERMANY

Lombard	9.00
Overnight rate	8.95
One month	9.30
Three months	9.325
Six months	9.36

FRANCE

Intervention rate	14.5
Overnight rate	14.50
One month	14.5625
Three months	14.5625
Six months	14.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.46875
Bill discount (three-month)	7.34375

LONDON MONEY RATES

Aug. 12 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11¼-12⅛	11½-11⅝	—	—	11½-12	10¾-11½	—	—	—
2 days notice	—	—	11⅜-11½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11¾	11⅝	—	—	12	11½	—	—	—
One month	11½-11⅜	11⅝-11½	11⅝	11¾-11½	11⅝	11¾	11-11½	11¼	11½-11⅜	11⅞
Two months	11⅛-11⅛	11⅜-11½	—	11⅝-11¼	11⅛	11¾	10¾	11⅛	11⅛-11⅛	11⅜
Three months	11⅛-11⅛	11⅜-11½	11⅜	11½-11⅜	11⅛	11¾	10½-10⅝	10⅛-11	10⅞-11	11¼
Six months	11⅛-11⅛	11⅜-11½	11⅜	10⅞-10½	11⅛	—	—	—	10⅞-10⅞	11⅛
Nine months	11⅛-11⅛	11⅜-11⅛	—	11½-11⅛	11⅛	—	—	—	—	—
One year	11⅛-11⅛	11⅜-11⅛	11⅛	11⅜-11	11⅛	—	—	—	—	—
Two years	—	—	11¾	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV Averaged Reference Rate for interest period 19 July to 3 August 1982 (inclusive): 12.143 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 11⅞ per cent; four years 12½ per cent; five years 12⅜ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 10 15/16-10 13/16 per cent; four months trade bills 11⅛ per cent.

Approximate selling rate for one month Treasury bills 11⅛ per cent; two months 11 per cent and three months 10 15/16-10⅞ per cent. Approximate selling rate for one month bank bills 11 13/16-11 7/32 per cent. two months 11-11⅛ per cent and three months 10⅞ per cent; one month trade bills 11 21/32 per cent; two months 11 15/32 per cent; three months 11 5/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from August 1, 1982. London and Scottish Clearing Bank Base Rates for lending 11½ per cent. London Clearing Bank Deposit Rates for sums at seven days notice 8½ per cent. Treasury Bills: Average tender rates of discount 10.7265 per cent. Certificates of Tax Deposit (Series 5) 11½ per cent from August 5 (plus an interest rate supplement of ¼ per cent for the first month). Deposits withdrawn for cash 9½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int.	109.1	114.8	+0.7	11.00
High Inc Equity	38.6	41.7	+0.1	9.42
Capital Growth				
American Growth	57.2	61.5	−0.1	2.36
Commodity & Energy	46.9	49.9	.....	3.51
General	63.8	69.0	+0.1	4.45
Japan	47.5	51.1	−0.1	0.49
UK Growth	39.8	43.0	+0.1	4.53
Acc. Units	52.9	57.3	−0.1	4.53
Worldwide Bond	106.0	114.0	−0.1	4.82
Inv. Tst. Fd.	52.0	56.2	−0.1	4.27
Equitas Prog.	87.5	94.6	+0.2	4.86

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	94.4	99.3	+0.5	12.29

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	92.1	98.9	+0.2	5.95
Brit. Inds. Fund	81.6	87.3	.....	5.82
Growth & Income	60.7	64.9	+0.1	4.48
Allied Capital	115.7	123.8	+0.5	3.34
Hambro Fund	143.5	155.5	+0.5	5.15
Hambro Acc. Fund	215.6	230.7	+0.6	4.27
Income Funds				
High Income	93.2	99.7	+0.1	7.73
Equity Income	48.0	51.4	.....	8.25
High Yield	66.7	71.4	−0.1	9.38
Govt. Secs.	27.2	29.0	+0.2	10.69
International Funds				
International	30.2	32.3	−0.2	3.87
Japan Fund	24.8	26.5	−0.1	1.09
Pacific Fund	56.9	60.9	−0.4	1.76
American Spec. Sits.	24.0	25.7	−0.1	3.89
Secs. Of America	75.9	81.2	−0.4	3.02
Specialist Funds				
Gilt Growth Fd.	24.5	26.2	+0.1	6.40
Smaller Co.'s Fd.	60.8	65.1	+0.2	3.32
2nd Smlr. Co's Fd.	79.2	84.7	+0.2	3.84
Recovery	28.7	30.7	.....	4.46
Met. Min. & C'dty.	52.3	56.0	+0.3	5.07
Overseas Earnings	84.1	90.0	+0.2	4.43
Technology Fund	48.6	52.0	−0.2	3.56
Exempt Funds				
Income Exempt	55.0	57.8	−0.1	8.37
Far East Exempt	63.5	66.0	−0.6	2.56
Smaller Co. Exempt	107.9	113.3	+0.2	3.57
U.S.A. Exempt	124.7	129.7	−0.3	3.85

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.9	37.0	.....	9.54
North American	55.3	59.5	−0.5	2.87
Canadian Exempt*	42.8	45.2	.....	3.13
Canadian Trust	39.6	42.8	+0.2	3.19
Mid Mount High Inc.*	45.1	47.8	.....	8.20
Recovery	51.3	54.1	.....	5.87
Gilt Trust	38.4	40.2	+0.3	12.46

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. American	34.9	37.7	+0.5	1.46
Cres. Capital	25.3	27.3	+0.1	2.74
Cres. High. Dist.	45.5	49.2	+0.2	9.15
Cres. International	72.0	77.8	−0.2	2.09
Cres. Reserves	55.6	60.2	.....	5.61
Cres. Tokyo	34.0	36.7	−0.1	0.34

Darlington Unit Trust Mngt. Ltd.
Darlington, Totnes, Devon TQ9 6JE. 0803 862271

Total Perf. Unit Tst.	19.9	22.7	.....	5.04

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. July 30	276.8	295.2	.....	4.67

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Growth	20.9	22.2	.....	9.17
Special Sits.	21.9	23.2	.....	2.92

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	22.2	24.8	.....	7.63
Gt. Winchester O'seas	33.4	36.9	.....	3.39

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Grth. Tst. Acc.	61.4	66.0	+1.9	4.75
UK Grth. Tst. Inc.	57.9	64.4	+1.8	4.75
Higher Inc. Tst. Acc.	66.2	71.1	+1.5	7.24
Higher Inc. Tst. Inc.	64.0	68.8	+1.4	7.24
Gilts/Fxd. Int. Tst. Acc.	60.8	63.9	+0.5	5.00
Gilts/Fxd. Int. Tst. Inc.	59.5	62.6	+0.5	5.00
Nth. America Tst. Acc.	51.0	54.8	−0.2	2.07
Far East Tst. Acc.	38.9	41.8	−0.1	1.18
General Tst.	97.0	142.2	−0.1	4.45

[illegible]

NOTES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	229.1	241.2	.....	—
Equity Fund	49.6	52.5	+0.7	—
Property Acc.	268.4	282.7	.....	—
Equity Acc.	49.4	52.0	+0.6	—
Selective Fund	145.8	153.7	+1.1	—
Money Fund	168.7	177.6	.....	—
Convertible Fund	180.9	190.5	.....	—
Prop. Fd. Ser. 4	211.4	222.6	.....	—
Equity Ser. 4	55.5	58.5	+0.6	—
Man. Ser. 4	202.3	213.0	+1.1	—
Money Ser. 4	152.9	161.0	.....	—
Conv. Ser. 4	153.1	161.2	.....	—
Fixed Int. Fd. Ser. 4	124.3	130.9	+0.4	—
American Ser. 4	106.6	112.3	−0.9	—
High Inc. Ser. 4	114.4	121.5	+0.7	—
Indexed Inv. Series 4	98.2	103.4	.....	—
Pension Property	320.9	337.8	.....	—
Pension Equity	289.2	304.5	+3.4	—
Pension Selective	150.5	158.5	+1.0	—
Pension Managed	302.1	318.0	+1.7	—
Pension Security	226.3	238.3	.....	—
Pension Fixed Int.	121.3	127.7	+0.4	—
Pension Indexed Inv.	98.4	103.6	.....	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	316.6	333.2	.....	—
Fixed Int. Acc.	203.5	214.1	.....	—
Gtd. Money Fd. Ac.	157.3	166.1	.....	—
Intl. Man. Fd. Acm.	136.0	143.1	.....	—
Intl. Fxd. Int. Fd.	111.5	117.4	.....	—
Prop. Fd. Acc.	158.8	168.2	.....	—
M'ple Inv. Acc.	248.1	261.1	.....	—
Equity Pen.Fd.Acc.	434.0	456.8	.....	—
Fixed I.Pen.Acc.	332.5	349.9	.....	—
Gtd.Mon.Pen.Acc.	220.3	231.8	.....	—
Intl.Mn.PnFdAcc.	157.5	165.8	.....	—
Prop.Pen.Acc.	211.6	222.7	.....	—
M'ple Inv.Pen.Acc.	361.0	379.9	.....	—

AMEV Life Assurance Ltd.

Crown Life—Continued

St. George Mangd. Fd.	110.9	116.7	.....	—
Lises & Gen.Fd.	116.8	122.9	.....	—
Saga Fd.	93.7	98.6	.....	—
Heritage Fd.	101.3	106.6	.....	—
DES Managed	106.4	111.9	.....	—
Crown. Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	149.0	154.4	.....	—
Pens. Mang'd. Acc.	111.0	116.8	.....	—
Pens. Mang'd. Init.	106.6	112.2	.....	—
Pens. Equity Acc.	99.0	104.2	.....	—
Pens. Equity Init.	94.9	99.7	.....	—
Pens. Fxd. Int. Acc.	111.6	117.4	.....	—
Pens. Fxd. Int. Init.	107.0	112.6	.....	—
Pens. Money Acc.	118.5	116.3	.....	—
Pens. Money Init.	105.9	111.4	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop Aug 3	163.7	174.1	.....	—
Managed Pens. July 14.	122.6	116.47	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	79.8	82.7	−0.1	6.17

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	192.6	202.7	+5.0	—
Higher Inc. Fund	128.0	134.7	+2.5	—
Property Fund	195.4	205.5	.....	—
Fixed Interest Fund	150.1	157.0	+0.1	—
Index Linked Secs Fnd.	94.7	99.6	+0.2	—
Gtd. Deposit Fund	136.8	143.9	.....	—
Nth. America Fund	101.6	106.9	−0.4	—
Far East Fund	77.9	82.0	−0.2	—
International Fund	93.7	98.6	−0.2	—
Mixed Fund	170.6	179.5	+1.7	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	186.2	196.0	.....	—
Ind. Pen. Property	145.7	153.3	.....	—
Ind. Pen. Fixed Int.	140.5	148.9	.....	—
Ind. Pen. Indx Lk. Scs.	102.8	108.2	.....	—
Ind. Pen. Overseas	146.0	153.6	.....	—
Ind. Pen. Cash	136.9	144.1	.....	—

OFFSHORE AND OVERSEAS

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Granville Inv. Tst.	£6.12	6.47	.....	5.02

Next dealing day July 15.

Guinness Mahon Int. Fund (Guernsey)
PO Box 108, St. Peter Port, Guernsey. 0481 23506.

US$ Price	$17.05	19.75	.....	8.92
£ Sterling Equivalent	£10.99	11.40	.....	10.65
S.D.R. Equivalent	17.53	18.17	.....	9.37

Prices at Aug 5. Next dealing Aug 19.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Far Eastern Aug 4	HK$19.95	21.35	.....	—
Japan Fund Aug 5	$8.30	8.90	.....	—

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Capital Reserve Fd.†	£15.24	15.26	.....	0.23
C.I. Fund	228.10	242.5	.....	3.13
Special Sits. Fund	80.2	84.5	.....	3.20
Sterling Income Fund*	105.7	110.3	.....	13.10
Dollar Income Fund	$1.003	1.094	.....	12.87
Trans. Nat. Trust	$0.627	0.871	.....	3.07
Intnl. Bond	$101.74	107.09	.....	9.86
Int. Equity	$13.19	13.88	.....	1.91
Int. Svgs. 'A' $US	$1.42	1.49	.....	—
Int. Svgs. 'B'	$1.41	1.48	.....	—
Galleon Ass. Fund 'A'	$1.331	1.032	.....	—
Galleon Ass. Fund 'B'	$1.008	1.065	.....	—

†Excludes initial charge on small orders.

Henderson Admin. & Man. (Guernsey)
7 New St., St. Peter Port, Guernsey 0481 26541/2

American (US cents)	102.3	107.6	.....	—
Ntrl. Res. (U.S. cents)	92.3	97.3	.....	—
Gilt Fund	£9.54	10.11	+0.07	12.56

Henderson Baring Group
801, Gloucester Tower, 11, Pedder St., Hong Kong.

Australia*	$7.09	7.44	.....	—
Japan Tech.	$15.52	16.37	.....	—
Japan Fund	$21.20	22.65	−1.30	—
Malay Sing.	$14.76	15.90	.....	—
Pacific Fd.	$10.505	10.321	−0.57	—
Bond Fd.	$10.035	10.534	.....	10.00

Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441.

Quest Stlg. Fxd. Int.	£0.735	0.778	.....	11.570
Quest Intl. Secs.	$0.745	0.802	.....	13.904
Quest Intl. Bd.	$0.768	0.813	.....	13.330

Prices on Aug 11. Next dealing Aug 18.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Resc. Fd. Int. Aug 2	$1,402.82	*530	.....	2.00

Next dealing date Sept 1.

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey. 0481-23021.

Intl. Income Fd.	$8.85	9.45	.....	—
Intl. Capital Fd.	$9.45	10.24	.....	—
North America Fd.	$3.85	4.29	−0.15	—

Ramineo Managers Ltd.
P.O. Bx. 1549, Hamilton, Bermuda. (809-29) 2-7979

Ramineo Aug. 2	$8.66	8.93	.....	—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914

Coin Trust	35.0	37.4	.....	—
Diamond Bond	68.1	72.9	.....	—
Gold Bond	201.7	212.2	−5.5	—
Managed Fund	130.6	137.4	.....	—
Petroman Oil Trust	114.9	123.3	.....	12.17
Do. $	1.984	2.108	.....	12.17
Sapphire Trust	158.7	170.3	.....	—
Silver Trust	147.9	155.7	+1.3	—
Sterling Deposit Bd.	151.59	159.61	.....	10.30
UK Gilt Fund	139.2	146.4	+1.2	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481-26741.

O.C. America Fd.*	$2.00	2.12	.....	0.94
O.C. Sm. Co.***	126.5	134.0	.....	2.2
O.C. Commodity†	75.2	79.9	.....	3.72
O.C. Dir. Comdy.*	$28.79	30.51	.....	3.15
O.C. Hong Kg. Fd.††	HK$33.52	35.69	.....	—

O.C. International Reserves Limited

Bel.Francs (Fin.)	774.90	Italian Lira	30,809
Canadian $	33.520	Singapore $	57.530
D-Mark	48.1	£ Sterling	13.030
Dutch Guilder	48.865	Swiss Francs	44.5
French Francs	736.905	U.S.$	26.805

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

INSURANCES

LEISURE

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh 50c	109	......	Q25c	10.3	12.4
33	19	Wankie Col. Z$1	21	......	Q3c	1.2	7.7
21	12	Zam.Cpr.SBD0.24	13	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	12½	−½	—	—	—
7	1½	Argosy Gold NL 25c	2½	......	—	—	—
151	56	Bond Corp.	58	......	Q10c	2.3	10.5
82	58	Bougainville f Kina	72	−1	Q6.71c	1.2	5.4
192	147	CRA 50c	184	......	Q5c	—	1.5
16	10	Carr Boyd 20c	15	−1	—	—	—
56	22	Central Pacific	27	......	—	—	—
380	152	Crusader Oil	230	......	—	—	—
26	10	Cultus Pacific N.L.	11	......	—	—	—
27	14	Eagle Corp. 10c	15	+1	—	—	—
23	8½	Endeavour 20c	8½	......	—	—	—
368	150	G. M. Kalgoorlie 25c	195	......	Q32½c	0.9	9.6
10	2½	Great Eastern	4	−½	—	—	—
63	30	Greenbushes Tin 10c	31	......	Q5c	1.9	11.0
182	124	Hampton Areas 10p	180	......	3.0	2.5	2.4
32	10	Haoma N.W.	19	......	—	—	—
22	9	Intl. Mining	14	......	—	—	—
30	7	Jimberlana (50cFP)	7	......	—	—	—
9½	2	Kalbara Min 20c	2	......	—	—	—
100	30	Kitchener NL 25c	32	......	—	—	—
14	8	Leichardt Expln.	8	......	—	—	—
190	92	Meekatharra 25c	112	......	—	—	—
44	15	Metals Ex. 50c	17½	......	Q3c	1.7	9.8
28	9	Metramar Min. 20cts	9	......	—	—	—
10	3	Mid East Mins. NL	3½	......	—	—	—
202	143	M.I.M. Hldgs. 50c	162	−1	†Q5c	ϕ	1.8
57	5	Mincorp 20c	6	......	—	—	—
8	3	Minefields Expl 25c	3	......	—	—	—
19	14	Newmetal 20c	17½	......	—	—	—
30	8½	Nickelore N.L.	12	......	—	—	—
160	92	North B. Hill 50c	109	−4	†Q18c	1.9	‡
*24	10	Nth. Kalgurli	13½	......	—	—	—
123	67	Oakbridge 50c	83	......	†Q6½c	1.9	4.5
90	30	Otter N.L.	42	+4	—	—	—
98	34	Pacific Copper	48	......	—	—	—
150	68	Pancont'l 25c	72	......	—	—	—
62	29	Paringa M&E 5p	30	......	—	—	—
352	211	Peko-Wallsend 50c	252	−4	†Q15c	—	‡
31½	11	Pelsart Res NL	11	......	—	—	—
273	112	Renison 50c	132	......	Q25c	—	2.6
205	105	Do. Dfd.	115	......	—	—	—
56	30	Seltrust A.	55	+1	ϕ—	—	—
27	9	Southern Pacific	11	+½	—	—	—
46	24	Swan Resources 20c	25	−3	—	—	—
65	22	Vulcan Mins 20c	27	......	—	—	—
11	2½	West Coast 25c	6	......	—	—	—
50	6	Westn. Coal 50c	8	......	—	—	—
207	150	Westn. Mining 50c	176	......	†Q14c	1.6	‡
34	11	Whim Creek 20c	15	......	—	—	—
30	10	York Resources	11	......	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 29

FINANCIAL TIMES

Friday August 13 1982

CLASH FEARED OVER LABOUR LAWS AS MARSH STANDS FIRM

Fleet St set for court fight

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LORD MARSH, chairman of the Newspaper Publishers' Association, refused yesterday to draw back from pressing contempt of court charges arising from the strike by Fleet Street electricians in support of health workers.

The Government and the trade unions are bracing themselves for a possible confrontation over labour legislation after Mr Sean Geraghty, secretary of the Fleet Street Press branch of the Electrical and Plumbing Trades Union, appears in the High Court today.

Mr Geraghty faces a charge of contempt for refusing to comply with a High Court injunction, obtained earlier this week by national newspaper employers to prevent sympathy action by print unions. The London electricians went ahead with their strike and halted the printing in London of Wednesday's papers.

There were suggestions last night that Mr Geraghty might bow to strong backroom pressure from the TUC and health service unions and may be prepared to apologise to the court today and pay any necessary fine.

While such a stance might rob more militant unions of the chance of prosecuting a campaign against the Government's employment laws, it would please NHS union leaders who would like to see attention refocused on low pay in the health service which is at the centre of the dispute.

In advance of today's hearing before Mr Justice Leonard, Lord Marsh maintained the tough line the NPA has taken over the issue.

He said on BBC radio the NPA could not withdraw the action for contempt since that would "make a mockery" of its stance.

Lord Marsh said he did not want Mr Geraghty to be jailed. "But if he goes to prison it will be because he wants to go to prison," he said.

In a reference to the other unions which complied with the injunction obtained by the NPA, he added: "None of the other union officials are in this position."

It was put to Lord Marsh that the electricians and other print unions could stop work completely if Mr Geraghty is imprisoned. He replied: "If you are suggesting that it is not possible to apply the law because Mr Geraghty is a trade union official then the implications of that are pretty frightening."

Meanwhile the health unions start the final day of their five days of intensified industrial action today. They were buoyed up with a call yesterday by the Lancet, the leading medical journal, for the resignation of Mr Norman Fowler, Social Services Secretary, and for the Government to take a more flexible line over NHS pay.

At the same time, union leaders warned that long-term talks on a permanent negotiating structure for Britain's 490,000 nurses — which could be a crucial factor in an eventual settlement of the NHS dispute — were running into difficulties.

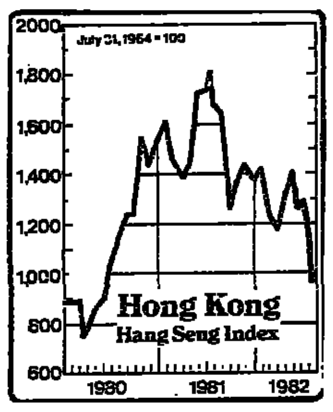
Health workers win key support, Page 8

Hong Kong stock value drops by nearly 10%

By Robert Cottrell in Hong Kong

HONG KONG stock market values plunged almost 10 per cent yesterday and the Hang Seng index lost 100.31 points on the day to close at 966.36. The index, now at its lowest levels in two years, has lost more than 200 points so far this week, extending its decline since early July to more than 25 per cent.

Investor worries about the long-term future of Hong Kong have been compounded



Hong Kong
Hang Seng Index

by declines on Wall Street and weakness in the Hong Kong dollar.

The market has also been profoundly disturbed by a land deal announced on Monday whereby the Peking-owned Bank of China is to acquire from the Government for HK$1bn (£96m) a new headquarters site on soft-loan terms at what local property analysts believe to be a substantial discount from the site's market value.

Yesterday's stock market decline came in heavy trading—HK$333m—against a daily average for the first half of this year of just over HK$200m. It saw institutions coming to the fore as sellers, joining the small investors who have led the selling in recent weeks. An influential broker was also rumoured to be taking a decisively more bearish tack.

The market has already seen supposed "support" levels on the index dissolve without trace. The "support" levels are those points on the index, like the 1,100 mark, when perceived wisdom dictates that buyers should be tempted into the market in search of bargains.

Brokers draw little comfort from the thought that today's trading day is Friday the 13th.

The decline of the index below 1,000 yesterday means a gloomy celebration for Hong Kong's bearish brokers, who maintained that the market was overvalued as it rose up through the 1400 level in May. It sank back towards 1300 in June and has declined from that level under consistent selling pressure over the last three weeks.

Hong Kong is in its interim results season, which has included profit declines from the largest quoted textile company, Winsor Industrial, and the Sun Hung Kai Bank and Securities companies.

The Bank of China deal has caused concern in Hong Kong because it throws doubt both on prevailing property prices and on the ability of the Government to cope with the increasingly delicate question of confidence, as the UK and China move towards resolving Hong Kong's status when the UK's lease over much of the territory expires in 1997.

Investors are already unsettled by indications that China wishes to restore sovereignty over Hong Kong when the lease expires, and wonder how that can be reconciled with China's additional wish to maintain the Colony's prosperity.

The Hong Kong Government meanwhile claims that the Bank of China's site was bought at full market value

World Stock Markets, Page 28

TUC unions urged to pledge £1.25m for 'alternative' bank

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of Britain's three largest unions are asking all TUC-affiliated unions for a total of £1.25m as their initial capital investment in a joint banking institution over which the unions would have considerable control.

The request marks the start of the unions' final push towards their goal of a trade union bank. It was signed by Mr Moss Evans, general secretary of the Transport and General Workers' Union, Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, and Mr David Basnett, general secretary of the General and Municipal Workers' Union.

The letter is also signed by Mr Lewis Lee, director and chief general manager of the Co-operative Bank, which is subscribing a further £1.25m to take to £2.5m the initial paid-up capital of the proposed bank—expected to trade under the name Union Finance Ltd.

The letter asks unions to pledge an investment by September 30. The organisers hope to be able to tell the TUC Congress in Brighton next month of the response from the unions, and hope to put formal offers later this year to sell shares as required by law.

The letter, addressed from the offices of the GMWU, says: "The proposed company would channel union, and union members' capital to the appropriate money markets. The aim would be to create profits by offering efficient banking services for the benefit of the people."

The bank's immediate objective would be to provide deposit services for participating unions; the investment of funds on the money market; and short or medium-term pension fund management facilities.

Deposit services would be available to individual trade unionists, and medium-term lending facilities would be available to participating unions.

"In due course, a full range of services would be developed, including house mortgages, insurances, unit trusts, bond issues, savings schemes, etc," says the document.

The organisers accept that the bank must be able at first to attract substantial long-term individual and corporate investment and, in due course, pension funds money. The servicing of such funds would be of major importance in generating confidence and supporting a range of economic projects.

The long-term intention is that the institution would attain full banking status, as defined by the Banking Act 1979. The letter says: "Ultimately, the company could provide a real alternative in the financial world to the present predominant private banking sector, and could gradually act as a counterweight within the British economy."

The Co-operative Bank — for long the major banking facility for the Labour movement — welcomes the step to establish in Britain an idea which is well-grounded elsewhere, particularly in West Germany by the Bank für Gemeinwirtschaft and in Israel by Bank Hapoalim.

The Co-op Bank believes the new institution would reach sectors of the population which have no access to the banking system. It feels the bank's proposed activities would be beyond either the Co-op Bank or the unions individually.

The letter stresses "the importance of the worker within the structure of the proposed company." The advisory committee—the unions' main instrument in exerting control over the venture— would be drawn mainly from union ranks, although it is expected to include a Bank of England representative.

Smith Brothers announces loss

BY RAY MAUGHAN

SMITH BROTHERS, one of the leading jobbers on the London stock market, declared a loss of £28,000 in the 12 months to April 29 against a record profit of £1.9m the previous year. The turnround reflects Smith's inability to repair all the damage inflicted by last September's collapse in share prices.

Every firm of jobbers, which wholesale stocks an dshares for brokers under London's single capacity dealing system, felt the pinch of what has been dubbed "Black Monday" in City lore when, at the end of last September, the FT 30 share index dropped 17.2 to 457.5. Most have been able to recover, however, during the winter and spring.

Bisgood Bishop produced pre-tax profits of £767,000 against £998,000 over exactly the same period as Smith's latest results. Akroyd and Smithers, which like Smith is quoted on the Stock Exchange, revived powerfully in the six months to March 26 with profits of £10.62m, despite starting in the trading period on that particularly bleak trading day. In the previous half year it was in small loss.

Smith actually produced profits of £770,000 in the second half but Mr Anthony Lewis, the firm's chairman, explained that "the strong contribution in past years from the international section was lacking owing the prolonged bear market in gold shares and Australian stocks."

Smith does not job in gilt-edged securities and has thus not enjoyed the active trading in Government stocks this year.

The chairman said the year's results would have been better "had interest rates fallen as hoped." As it was "out turnover was down by approximately £400m to £3bn which illustrates the dependency of a jobber on a satisfactory level of trade."

Details, Page 16

Continued from Page 1

AEG aid request

capital goods business emerged yesterday as one other factor behind the bankers' doubts.

The substantial divergence of interests of the banks from country to country and the differing survival prospects of AEG's many foreign subsidiaries have apparently ruled out any move to put together a foreign bank consortium.

The lack of a consortium inhibited yesterday's discussions. AEG is likely to have to continue to deal with its foreign banks on an individual basis for the foreseeable future, a considerable drain on management time and resources.

Alan Friedman adds: A SwFr 80m bond for AEG-Telefunken was withdrawn from trading in Zurich yesterday after its price plummeted from SwFr 65 to SwFr 44. The 7¼-per-cent bond, which matures in 1990, was issued in 1975 through a Luxembourg subsidiary and guaranteed by the West German parent company.

Credit Suisse, the lead manager, said last night the next interest payment on the bond would be due in October.

Continued from Page 1

Tax

The Treasury has resisted industry pressure for a fundamental change in the structure and rate of taxation although the UK Offshore Operators Association is discussing with officials amendments that might be introduced in the Budget next spring.

The committee supported the industry's view that the tax system could discourage companies from producing the maximum amount of oil from existing fields.

Perkins Continued from Page 1

facturers except Chrysler. Perkins has 2,000 dealers and distributors in 160 countries.

Another $55m in financing has been arranged through loans and loan guarantees provided by the Canadian federal and Ontario provincial governments.

The main asset being transferred to the joint venture is Chrysler's Windsor engine plant and its equipment, with annual capacity to manufacture about 225,000 six-cylinder petrol engines of 225 cubic inch displacement. The venture is scheduled to start production late in 1984 of four-cylinder and six-cylinder turbo-charged diesels. About 1,000 people will be employed.

Perkins makes 41 per cent of its diesel engines in Britain, of which more than 80 per cent are exported, either directly or installed in vehicles. Because of depressed sales for two years, 900 of the 7,000 jobs at the company's Peterborough plants have been lost.

Mr Felker denied that the venture with Chrysler, which will create the first light diesel plant in Canada, reflected a policy to shift the company's production out of the UK.

"We are getting into a market we could not get into at Peterborough. We do not have the basic engine design, so we would have to do it from the start, which would be very tough. Also, Chrysler is going to have a big offtake—I would think a majority of the engines."

He said Perkins makes only one light, high-speed diesel, a 1.7 litre model

Mr Felker said the joint venture is not expected to have any negative impact on Perkins' current exports from Britain to North America, which represent about a quarter of the company's total sales of some £300m per year. On the contrary, he hoped that the development of light, high speed diesels would make Perkins more attractive to North American customers and have some "pull through" effect on sales of UK-made engines.

Perkins first tried to establish a North American manufacturing presence in 1975 when it bought an engine plant in Canton, Ohio, from White Motor. Production was halted in the autumn of 1979 because demand for the models made there—used mainly to power farm and industrial equipment —had not kept pace with demand for Perkins' other models.

Accounting committee signs up new team

By Duncan Campbell-Smith

TWENTY fresh appointments to a remodelled version of the Accounting Standards Committee were announced yesterday. The committee is the body which lays down the rules of financial reporting for the accountancy profession.

The team under Mr Ian Hay Davison, committee chairman since July, marks a significant break with tradition by including non-accountants from various sectors as well as practising members of the profession.

The six member bodies of the accountancy profession have nominated a committee which has three members fewer than its predecessor and a three-year mandate. Members can be re-appointed for a second term of three years, but no more.

Mr Davison said he thought the committee's impact could be electric as it set about its duties with a "lot more authority than previous committees." It represented an appropriate range of users, preparers and auditors of company accounts drawing on "people of standing and authority in the worlds in which they work."

Those appointed include Mr Jeffrey Bowman, senior partner of accountants Price Waterhouse; Mr Derek Fowler, vice-chairman of British Rail; Mr Ronald Artus, chief investment manager of Prudential Corporation; Mr Derek Palmar, chief executive of Bass; Mr John Quinton, general manager of Barclays Bank; and Mr Kenneth Sharp, head of the government accountancy service.

The other members of the committee will be Mr Ian Anderson, senior technical partner, Thomson McLintock; Mr Brian Boreham, partner, Wilson Wright; Mr Donald Heady, partner, Donald Heady; Mr Alex Spain, managing partner, Stokes Kennedy Crowley; Mr Chris Stronge, partner in charge of the London practice office, Deloitte Haskins and Sells; Mr John Clemes, finance director, Allied Lyons; Mr Colin Joyce, finance director, Baker Perkins Holdings; Mr James McKinnon, finance director, Imperial Group; Mr Stanley Thomson, finance director, Ford; Mr Jeffrey Knight, chief executive, Stock Exchange; Mr Michael Mallett, director, James Neill Holdings; Mr Brian Tanner, county treasurer, Somerset County Council; and Prof Michael Bromwich, professor of finance and accounting, University of Reading.

They will meet once a month, with a sub-committee to review the committee's priorities and fix its agenda. This itself, says Mr Davison, will generally require "a proper political decision." In the broader political context, the new committee "will obviously be taking a role in future debates on the effectiveness of the profession's self-regulation."

Weather

UK TODAY

RATHER cloudy with showers.

London, S.E., E., Central and N. England
Occasional rain, bright intervals, windy, rather cool. Max 19C (66F).

Rest of UK
Cloudy with showers and bright periods. Cool. Max 16C (61F).

Outlook: Unsettled with rain in most parts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	London	S	22	72
Algiers	F	29	84	L. Ang.†	C	19	66
Amsdm.	S	26	79	Luxmbg.	S	27	81
Athens	S	31	88	Luxor	S	42	108
Bahrain		—	—	Madrid	S	32	90
Barclna.		—	—	Majorca	S	31	88
Beirut		—	—	Malaga	S	26	79
Belfast	S	16	61	Malta	R	27	81
Belgrd.	S	26	79	Mchstr.	C	17	63
Berlin	S	27	81	Melbne.	C	16	61
Biarritz	F	23	73	Mx. C.†		—	—
Bmghm.	C	18	64	Miami†	S	26	79
Blackp'l	F	18	64	Milan	S	29	84
Bordx.	S	27	81	Montr'l†	C	15	59
Boulgn.	C	20	68	Moscow	F	19	66
Bristol	R	17	63	Munich	S	29	84
Brussels	S	28	82	Nairobi	C	23	73
Budpst.	S	25	77	Naples	F	32	90
Cairo	S	37	99	Nwcstl.	F	17	63
Cardiff		—	—	N. York†		—	—
Casbca.	F	25	77	Nice	S	27	81
Cape T.		—	—	Nicosia	S	31	88
Chicg.†	F	10	50	Oporto	C	19	66
Cologne	S	30	86	Oslo	C	20	68
Cpnhgn.	S	22	72	Paris	S	27	81
Corfu	S	33	91	Perth	C	16	61
Denvert	C	17	63	Prague	S	26	79
Dublin	F	17	63	Rykjvk.	S	9	48
Dbrvnk.	S	29	84	Rhodes	S	27	81
Ednbgh.	R	16	61	Rio J'o†		—	—
Faro	C	25	77	Rome	S	30	86
Florence	S	33	91	Salzb'rg	S	29	84
Frankf't	S	29	84	S'cisco†		—	—
Funchal	S	24	75	Singapr.	R	27	81
Geneva	S	29	84	S'tiago†		—	—
Gibrltr.	S	24	75	Stckhm.	S	23	73
Glasg'w	F	12	54	Strasb'g	S	30	86
G'nsey	S	18	64	Sydney	S	21	70
Helsinki	F	20	68	Tangier	S	30	86
H. Kong	F	33	91	Tel Aviv	S	29	84
Innsbr'k	S	29	84	Tenerife	S	26	79
Invrnss.	F	15	59	Tokyo	C	27	81
I.o.Man	F	17	63	Tor'nto†	C	12	54
Istanbul	S	28	82	Tunis	S	30	86
Jersey	S	20	68	Valencia	S	30	86
Jo'burg	S	19	66	Venice	S	29	84
L. Plms.	S	27	81	Vienna	S	26	79
Lisbon	C	24	75	Warsaw	S	24	75
Locarno	F	27	81	Zurich	S	27	81

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

THE LEX COLUMN

A typhoon in Hong Kong

Index fell 2.5 to 544.9

The first requirement for any international investor in the Hong Kong market is a strong stomach, and the last fortnight has produced a severe constitutional test. With the prevalence of margin trading accentuating the decline, the Hang Seng index fell 100.31 yesterday to 966.36, nearly 28 per cent below its level of two weeks ago and barely half the peak last summer.

Unlike the 1973-74 collapse and the run last autumn, when Hong Kong was reflecting in extreme form a worldwide phenomenon, this latest drop is more parochial. Concern about China's post-1997 intentions, mounting through the summer, has come to a head with Monday's Bank of China land deal. The 13-year payment term extends only to 1995, but more worrying is what appears to be a very low price. The argument in Hong Kong runs that to curry favour with China so blatantly, the colony's Government must be very worried about Peking's intentions.

The economic background in the last month has given little cause for confidence. Retail sales have been tumbling, trade growth is falling away, and official estimates of 8 per cent annual GDP growth earlier this year look likely to be chopped further below the present level of 6 per cent. Meanwhile, the collapse in confidence has also been having an effect in the direct property market, where sales have virtually dried up. With a bulge in supply now coming on the market, the likelihood of some property companies going under this autumn has heightened appreciably. It is no accident that property development companies and banks have seen some of the biggest declines in the last fortnight.

So now is clearly not the time to jump in. On the other hand, when confidence returns, the market could move up with equal rapidity. The market is now on a prospective earnings multiple of about 8 and a yield of 8 per cent, even though profits will stagnate over the next couple of years.

Smith Bros.

Smith Brothers has recouped the losses of Black September in its second half, to end the year all square at the pre-tax level. Slack equity volume and dull South African gold shares mean that it has not seen the fillip enjoyed by some of its rivals involved in the healthy gilt-edged market. The company is taking cautious steps within its balance sheet constraints to expand from its narrow business base, but more dramatic changes are likely by this time next year. The shares fell 3p yesterday to 35p.

Ultramar

Ultramar is roughly holding its own despite the sharp fall in refining margins—and stock profits — in Canada. Pre-tax profits for the six months to June have fallen only 6.5 per cent to £85.9m and in current cost terms they are marginally higher.

But Ultramar is still hungry for cash. A lower charge for deferred taxation in Canada has helped to push the tax rate down to only 41 per cent in the second quarter, but the charge is likely to mount again later in the year. With a capital spending budget of £200m this year—and even more in 1983—Ultramar is heavily dependent on the cash flow from its Indonesian interests. For the moment, the group can easily bridge the gap through its bankers but its balance-sheet could pose a problem if Ultramar wanted to pull off the kind of deal which LASMO announced on Tuesday.

The Canadian picture will look no brighter in the second half and, with no mainstream corporation tax liability against which to offset its ACT, Ultramar may take a cautious line with its final dividend. A 9p payment would produce a yield of 5.5 per cent at last night's price of 380p.

BOC Group

BOC is being untypically coy about the whereabouts of its full-year profits but, with the reported nine-month surplus increasing 12 per cent to £72m pre-tax, they seem likely to end up just above the £100m level. Against a very dull market in industrial gases, that is no mean achievement.

The third quarter to June shows an improvement of about five per cent pre-tax, after adjusting for currencies, overwhelmingly because of the continuing decline in UK unit costs. Productivity should improve by about 10 per cent in real terms this year, with little help from volume. The demand position in the U.S. is even more depressed, although nitrogen and argon volumes are still growing despite the recession.

BOC will undershoot its original capital spending budget of £250m in the current year and the fall in sterling and dollar interest rates will help to keep the cost of servicing a rising debt load roughly steady. So next year could see a significant fall in income gearing. After full replacement cost depreciation, finance charges are currently consuming almost half of trading profits. The shares have fallen 6 per cent to 163p over the past week, nudging the yield over 5 per cent on the modest assumption that the final dividend is lifted in line with the interim.